Treasury Group

Treasury Newsletter

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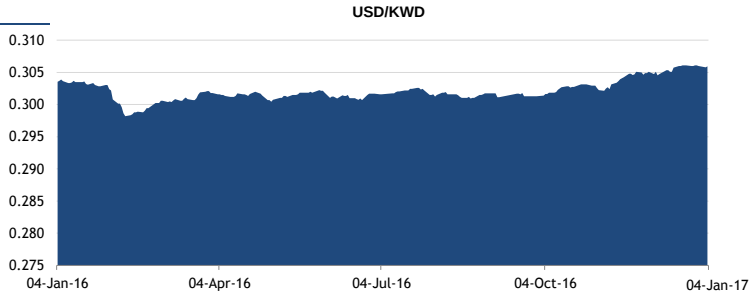
Highlights in the Foreign Exchange Market:

- Asian markets started the new year on a positive tone on the first trading day as upbeat global economic data lifted investors sentiment. A weaker Yen boosted exporters as Nikkei index surged 2 percent to 19,489.86 during midmorning trade. Furthermore, US equities post-election momentum extended into the new year as Dow Jones climbed by 0.6 percent and closed at 19,881.76 while S&P gained 0.85 percent to 2,257.83.

- In Japan, Manufacturing Purchasing Managers Index rose to 52.4 in December on a seasonally adjusted basis, higher than a preliminary reading of 51.9 and a final 51.3 in November. The index remained above the 50 threshold that separates expansion from contraction for the fourth consecutive month and showed activity expanded at the fastest pace since December 2015.The final output component of the PMI index also rose to a one-year high of 53.8 in December from 52.4 in November. The preliminary reading for December was 53.1.

- On the currency front, the US dollar edged back towards a 14-year highs as US debt yield resumed climbing giving a lift against the safe-haven yen amid risk on mode for investors. The dollar index was up by 0.1 percent at 103.300 as the dollar gained ground on the yen to 118.60 overnight and euro slipping by 0.1 percent to 1.0394 before hitting a 14-year low of 1.0340.



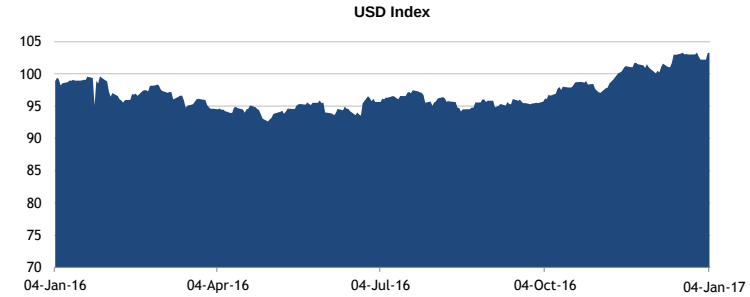


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.0300	1.0330	**1.0401**	1.0440	1.0550
GBP	1.2140	1.2215	**1.2239**	1.2285	1.2350
JPY	116.85	117.35	**118.00**	118.60	119.00
CHF	1.0120	1.0225	**1.0275**	1.0340	1.0400

Major Currencies

CCY	Closing Rate	YTD %
EUR/USD	1.0404	(1.07)
GBP/USD	1.2237	(0.75)
USD/JPY	117.74	1.04
USD/CHF	1.0269	0.95

Major Crosses

CCY	Closing Rate	YTD %
EUR/GBP	0.8496	(0.25)
GBP/JPY	144.06	0.41
EUR/JPY	122.47	(0.22)
EUR/CHF	1.0692	(0.21)

Brief Technical Commentary

EUR/USD: Euro has hit a low of 1.0339 last night before it retraces some of the losses and trade around 1.0400 level now. Short and medium term outlook are still bearish and further decline is expected. Technically, need a break of 1.0340 to resume the downtrend move. On the upside a break of 1.0550 would bring on a neutral outlook.

USD/JPY: The pair does not look like it is easing anytime soon. Uptrend remains given we keep support of 116.85 protected. Next short term level is 119.00

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	0.75	1.13	1.44	1.75	2.06
USD	0.72	0.77	1.00	1.32	1.69
EUR	-0.39	-0.38	-0.34	-0.23	-0.09
GBP	0.24	0.26	0.37	0.54	0.78
CHF	-0.80	-0.79	-0.73	-0.66	-0.50
AUD	2.78	2.86	2.95	3.05	3.33

Economic Events

Date	Country	Event	Actual	Forecast	Previous
3-Jan-17	EUR	German Unemployment Change	-17K	-5K	-5K
3-Jan-17	GBP	Manufacturing PMI	56.1	53.3	53.4
3-Jan-17	USD	ISM Manufacturing PMI	54.7	53.7	53.2
4-Jan-17	GBP	Construction PMI	-	52.6	52.8
4-Jan-17	EUR	CPI Flash Estimate y/y	-	1.0%	0.6%
4-Jan-17	USD	FOMC Meeting Minutes	-	-	-
5-Jan-17	GBP	Services PMI	-	54.8	55.2
5-Jan-17	EUR	ECB Monetary Policy Meeting	-	-	-
5-Jan-17	USD	ADP Non-Farm Employment	-	171K	216K
5-Jan-17	USD	ISM Non-Manufacturing PMI	-	56.6	57.2

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	0.88	1.23	1.97	2.47	3.06
Germany	-0.87	-0.80	-0.53	0.25	1.01
United Kingdom	0.07	0.09	0.54	1.31	1.95
Japan	-0.27	-0.19	-0.11	0.06	0.74

Commodities

Index	Last Price	% Change
Kuwait Oil	51.68	(3.92)
Brent	54.89	(0.04)
West Texas	52.31	(0.19)
Gold	1,160.90	0.17

Global Indices

Index	Last Price	Change
Dow Jones	19,881.76	119.16
Nikkei 225	19,584.03	469.66
S&P 500	2,257.83	19.00
KuwaitSE	5,775.03	(0.32)

All information has been sourced from Reuters

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