

Highlights in the Foreign Exchange Market:

- In the US, pressure is mounting from Donald Trump supporters to let perish a trade deal that was established in the seventies. The deal, which grants unilateral goods worth billions of dollars from developing countries tariff-free access to the US market, is set to terminate on the last day of the year. Congress last week failed to agree on renewing the Generalized System of Preferences. More than 3,500 products from 120 developing countries and territories are covered by the trade deal, according to the non-partisan Congressional Research Service.
- On the currency front, the majors are relatively steady today as holiday-thinned trading mode is on. Most markets in the Pacific remained closed today after Monday's Christmas holiday, while many financial centers and institutions in Europe will also be closed. The euro reached a level of 1.1870 versus the US dollar, while the Sterling trades near the 1.3375 level.
- In Japan, several economic data came in surprisingly well, offering the central bank some confidence on economic recovery that will drive up inflation to its 2% target. Japanese citizens elevated their expenditures more than expected in November, while price growth ticked up and the unemployment rate hit a fresh 24-year low. The rise in consumer inflation is mainly attributed to rising oil prices. Economic indicators also revealed that wage earners' disposable income increased 1.8% on an annual basis last month, signifying that higher incomes have encouraged consumers to open their wallets.

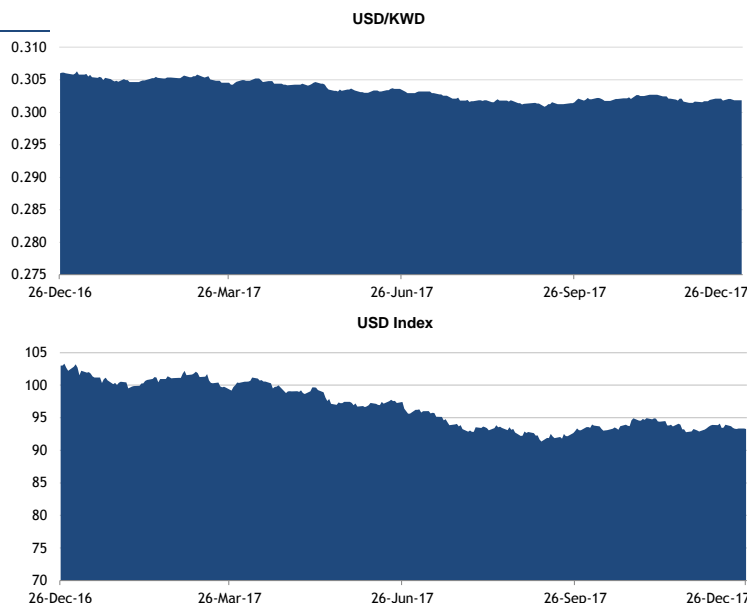


Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1725	1.1800	1.1856	1.1905	1.1955
GBP	1.3275	1.3315	1.3363	1.3420	1.3490
JPY	112.00	112.80	113.29	114.30	114.80
CHF	0.9780	0.9855	0.9889	1.0040	1.0100

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1868	12.89	EUR/GBP	0.8876	4.17
GBP/USD	1.3368	8.40	GBP/JPY	151.44	5.22
USD/JPY	113.25	(3.05)	EUR/JPY	134.41	9.21
USD/CHF	0.9884	(2.78)	EUR/CHF	1.1741	9.57

Major Crosses

Brief Technical Commentary

Euro is trading side ways as year end approaches. Short term outlook might have some consolidation around current levels above 1.1800 but Medium term outlook remains bearish. Next solid support is 1.1725 which needs to break to resume the downtrend move. On the upside a break of 1.1955 would turn the pair to slightly bullish.

USDJPY is pushing higher, inline with general strength in USD across the board. However, medium term outlook is neutral. A break above 114.80 would turn the outlook to a bullish case. On the downside, a break below 112.80 would turn the outlook to negative.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.38	1.69	1.88	2.13	2.38
USD	1.49	1.56	1.69	1.83	2.10
EUR	-0.42	-0.42	-0.38	-0.32	-0.24
GBP	0.48	0.49	0.52	0.58	0.77
CHF	-0.89	-0.83	-0.76	-0.65	-0.53
AUD	1.05	2.05	2.27	2.20	2.20

Economic Events

Date	Country	Event	Actual	Forecast	Previous
26-Dec-17	JPY	Household Spending y/y	1.7%	0.6%	0.0%
26-Dec-17	JPY	National Core CPI y/y	0.9%	0.8%	0.8%
26-Dec-17	JPY	BOJ Gov Kuroda Speaks			
27-Dec-17	USD	CB Consumer Confidence		128.2	129.5
27-Dec-17	USD	Pending Home Sales m/m		-0.4%	3.5%
28-Dec-17	USD	Unemployment Claims		241k	245k
28-Dec-17	USD	Chicago PMI		62.0	63.9
28-Dec-17	USD	Crude Oil Inventories			-6.5M
29-Dec-17	EUR	German Prelim CPI m/m		0.5%	0.3%
29-Dec-17	EUR	M3 Money Supply y/y		4.9%	5.0%

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	1.71	1.90	2.25	2.48	2.84
Germany	-0.82	-0.66	-0.22	0.42	1.24
United Kingdom	0.29	0.42	0.74	1.24	1.82
Japan	-0.16	-0.15	-0.11	0.04	0.81

Commodities

Index	Last Price	% Change	Index	Last Price	Change
Kuwait Oil	62.20	0.08	Dow Jones	24,754.06	(28.23)
Brent	65.28	(0.03)	Nikkei 225	22,892.69	(46.49)
West Texas	58.24	(0.03)	S&P 500	2,683.34	(1.23)
Gold	1,278.78	0.25	KuwaitSE	6,346.79	2.02

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).