

Highlights in the Foreign Exchange Market:

- Asian equities opened with minimal movements across the board as the thin trading of the holiday season continues. US stock-index futures extend their losses signalling a possible bear market movements when markets open tomorrow. Moreover, core CPI in Japan took a dip to 0.5% year on year from an expected 0.6% leaving the BOJ with increased difficulty to reach its 2% inflation target.
- In the US, President Donald Trump expressed his utmost confidence in Treasury secretary, Fed and US economy in an attempt to calm financial markets. This statement was given after reports that the president was considering firing the central bank's chairman after the recent hiking cycle. Nevertheless, markets are being more skeptical on the independence of the Fed as Trump keeps on criticizing the decisions of the FOMC when raising interest rates.
- The Fed Funds futures in bloomberg showed a cut probability of 24% against a hike probability of 12.6% for January 2020, which could be a signal from the market pricing in an easing cycle or a recession to start in just one year from now.
- Oil prices were mixed at best with thin trading on Wednesday. The US benchmark rebounded from steep losses, despite concerns over the health over the global economy continuing to overshadow the market in the longer term. West Texas crude futures were up 21 cents to \$42.74 at the time of writing, having at one point risen 2% from the last close when they slumped 6.7% reaching \$42.53 a barrel, the lowest price since June 2017. Brent was down 1 cent at \$50.46 after a skid of 6.2%. Financial markets have been suffering from worries over a global economic slowdown amid trade wars and higher US interest rates. The Russian energy minister said on Tuesday that oil prices are to come more stable in the first half of 2019 given the joint efforts by OPEC and non-OPEC countries.

US Dollar Index
YTD Performance



Brent Crude Oil
YTD Performance



Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1300	1.1350	1.1403	1.1455	1.1500
GBP	1.2600	1.2650	1.2699	1.2755	1.2805
JPY	109.35	109.85	110.35	110.85	111.40
CHF	0.9750	0.9805	0.9862	0.9905	0.9955

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1392	-4.99	EUR/GBP	0.8989	(1.11)
GBP/USD	1.2675	-6.01	GBP/JPY	139.81	8.57
USD/JPY	110.31	2.07	EUR/JPY	125.69	7.43
USD/CHF	0.9872	-1.23	EUR/CHF	1.13	4.02

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved down to the 1.1359 level during Tuesday's trading session and currently trading at 1.1403. EUR/USD Support is at (1.1300-1.1350) any break below would take the pair to 1.1215. 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 110.67 level this morning and currently trading at 110.35. USD/JPY Support is at (109.35-109.85) any break below targets 108.20. Short term and medium term outlook are Bearish.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	0.00	2.00	2.25	2.50	2.75
USD	2.42	2.51	2.81	2.89	3.05
EUR	-0.43	-0.41	-0.36	-0.31	-0.18
GBP	0.71	0.73	0.91	1.03	1.17
CHF	-0.85	-0.82	-0.73	-0.66	-0.51
AUD	2.78	2.87	2.96	3.06	3.34

Economic Events

Date	Country	Event	Actual	Forecast	Previous
26-Dec-18	JPY	Monetary Policy Meeting Minutes			
26-Dec-18	JPY	BOJ Core CPI y/y	0.5%	0.6%	0.6%
27-Dec-18	JPY	BOJ Gov Kuroda Speaks			
27-Dec-18	USD	CB Consumer Confidence		133.0	135.7
27-Dec-18	USD	New Home Sales		569k	544K
28-Dec-18	EUR	German Prelim CPI m/m		0.3%	0.1%
28-Dec-18	JPY	Unemployment Rate		2.4%	2.4%
28-Dec-18	USD	Goods Trade Balance		-75.5B	-77.0B
28-Dec-18	USD	Chicago PMI		61.2	66.4
28-Dec-18	USD	Pending Home Sales m/m		1.1%	-2.6%

Government Yields

Country	2-Year	3-Year	5-Year	10-Year	30-Year
United States	2.55	2.53	2.56	2.72	2.98
Germany	-0.63	-0.58	-0.31	0.24	0.86
United Kingdom	0.71	0.70	0.87	1.25	1.78
Japan	-0.14	-0.14	-0.14	0.01	0.70

Commodities

Index	Last Price	1D % Change	Index	Last Price	1D % Change
Kuwait Oil	53.06	-0.45	Dow Jones	21,792.20	-2.91
Brent	50.46	-0.02	Nikkei 225	19,124.15	-0.16
West Texas	42.78	0.59	S&P 500	2,351.10	-2.71
Gold	1,272.59	0.32	KuwaitSE	4,690.04	-0.61

All information has been sourced from Bloomberg

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