

Highlights in the Foreign Exchange Market:

- US equity indices continued in recording new highs on Monday as the Republican tax plan moves closer to implementation. The Nasdaq exceeded the 7,000 level, while the Dow Jones gained 0.57%. In Asia, stock markets are mostly elevated by Wall Street's positive sentiment. The Hang Seng is currently trading at 29,291.07. Looking at the US dollar, the upward momentum has been restrained lately despite progress on the tax reform bill. The dollar is currently at 93.662 versus a basket of currencies.
- On the economic front, consumer inflation in the Eurozone slightly increased 0.1% in November to 1.5% y/y, while the core rate remained stagnant at 0.9%. The main contributor that supported the rise in headline inflation was oil prices. German inflation rose back to September's level of 1.8% annually, having dropped to 1.5% in October. The highest annual rates were recorded in Estonia (4.5%), Lithuania (4.2%) and the United Kingdom (3.1%). The ECB expects price growth to float around the 1.5% level until 2020, when it rises to 1.7%.
- The UK's CBI manufacturing survey indicated orders remained at the highest levels seen since 1988. The factory index stood at 17 for the second month running, surpassing market expectations of 15. The UK manufacturing industry has been gaining ground on a weaker pound since the Brexit vote, combined with a recovery in global trade. Export orders fell from 20 in November to 16 this month, but remain significantly higher than the long-term average.

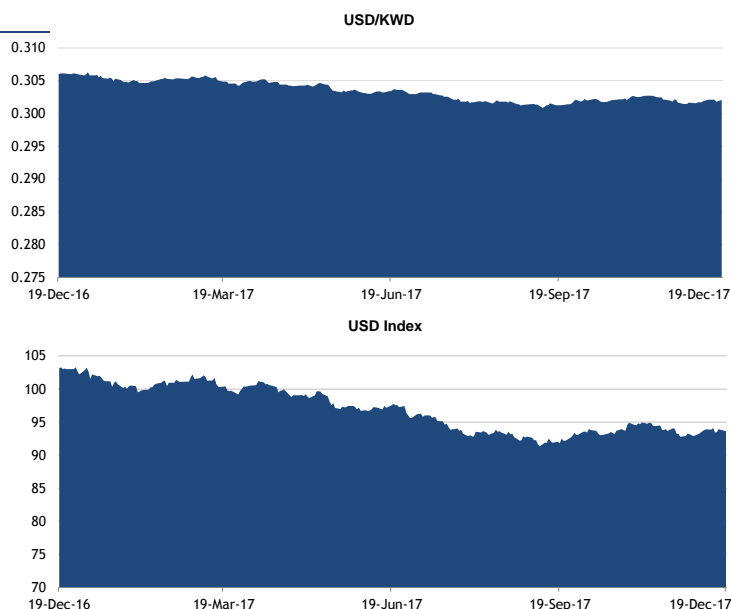


Chart Points and Other Technical Input

| CCY | 2nd Support | 1st Support | Spot | 1st Resistance | 2nd Resistance |
|-----|-------------|-------------|---------------|----------------|----------------|
| EUR | 1.1685 | 1.1735 | 1.1787 | 1.1835 | 1.1895 |
| GBP | 1.3275 | 1.3330 | 1.3380 | 1.3445 | 1.3495 |
| JPY | 111.65 | 112.05 | 112.62 | 113.15 | 113.75 |
| CHF | 0.9765 | 0.9815 | 0.9856 | 0.9915 | 0.9975 |

Major Currencies

| CCY | Closing Rate | YTD % | CCY | Closing Rate | YTD % |
|---------|--------------|--------|---------|--------------|-------|
| EUR/USD | 1.1781 | 12.18 | EUR/GBP | 0.8804 | 3.48 |
| GBP/USD | 1.3380 | 8.46 | GBP/JPY | 150.58 | 4.63 |
| USD/JPY | 112.53 | (3.65) | EUR/JPY | 132.58 | 7.84 |
| USD/CHF | 0.9856 | (3.18) | EUR/CHF | 1.1613 | 8.44 |

Major Crosses

Brief Technical Commentary

The EUR/USD pair moved up to the 1.1835 level during Tuesday's trading session and currently trading at 1.1787. EUR Resistance is at (1.1895-1.1910) any break above targets 1.2005 level and Support is at (1.1655-1.1685) any break below targets 1.1550. The pair is currently Neutral.

Local & Global Rates

| CCY | 1-Week | 1-Month | 3-Month | 6-Month | 1-Year |
|-----|--------|---------|---------|---------|--------|
| KWD | 1.31 | 1.56 | 1.81 | 2.06 | 2.38 |
| USD | 1.46 | 1.50 | 1.63 | 1.78 | 2.06 |
| EUR | -0.42 | -0.41 | -0.39 | -0.32 | -0.26 |
| GBP | 0.48 | 0.49 | 0.51 | 0.57 | 0.76 |
| CHF | -0.81 | -0.84 | -0.76 | -0.66 | -0.53 |
| AUD | 1.45 | 2.41 | 2.53 | 2.32 | 1.97 |

The USD/JPY pair moved up to the 112.83 level during Tuesday's trading session and currently trading at 112.62. USD/JPY Resistance is at (113.75-113.95) any break above targets 114.70 and Support is at (111.45-111.65) any break below targets 110.80. The pair is currently Neutral.

Economic Events

| Date | Country | Event | Actual | Forecast | Previous |
|-----------|---------|---------------------------|--------|----------|----------|
| 19-Dec-17 | AUD | MP Meeting Minutes | - | - | - |
| 19-Dec-17 | USD | Building Permits | - | 1.28M | 1.32M |
| 20-Dec-17 | GBP | BOE Gov Carney Speaks | - | - | - |
| 20-Dec-17 | EUR | Buba President Speaks | - | - | - |
| 21-Dec-17 | JPY | BOJ Policy Rate | - | -0.1% | -0.1% |
| 21-Dec-17 | JPY | Monetary Policy Statement | - | - | - |
| 21-Dec-17 | USD | Final GDP q/q | - | 3.3% | 3.3% |
| 22-Dec-17 | GBP | Final GDP q/q | - | 0.4% | 0.4% |
| 22-Dec-17 | CAD | GDP m/m | - | - | 0.2% |
| 22-Dec-17 | USD | Core PCE Price Index m/m | - | 0.1% | 0.2% |

Government Yields

| Country | 1-Year | 2-Year | 5-Year | 10-Year | 30-Year |
|----------------|--------|--------|--------|---------|---------|
| United States | 1.68 | 1.83 | 2.17 | 2.40 | 2.75 |
| Germany | -0.89 | -0.73 | -0.33 | 0.31 | 1.11 |
| United Kingdom | 0.30 | 0.44 | 0.70 | 1.15 | 1.71 |
| Japan | -0.17 | -0.16 | -0.12 | 0.03 | 0.79 |

Commodities

| Index | Last Price | % Change | Index | Last Price | Change |
|------------|------------|----------|------------|------------|---------|
| Kuwait Oil | 60.69 | 0.46 | Dow Jones | 24,792.20 | 140.46 |
| Brent | 64.82 | (0.03) | Nikkei 225 | 22,868.06 | (33.71) |
| West Texas | 57.12 | (0.17) | S&P 500 | 2,690.16 | 14.35 |
| Gold | 1,263.88 | 0.14 | KuwaitSE | 6,624.28 | 1.98 |

All information has been sourced from Reuters

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