



Highlights in the Foreign Exchange Market:

- Markets were disrupted on Friday following a US attack that killed Iran's top military leader in a targeted air strike at Baghdad airport. The attack saw oil prices and safe haven assets rally; with the international benchmark Brent crude jumping 3.5% to \$68.60 a barrel, while US marker West Texas Intermediate rose 3.0% to \$63.05. Gold followed suite and climbed 1.5% to \$1,551 an ounce and nearing a four month high. The US Treasury yields, which move inversely to the price of American sovereign debt, fell 0.05 percentage points to 1.835%, their lowest level in three weeks. German Bunds and UK gilts also rallied. The US dollar also rallied with the index moving up 0.45% and closing at 96.876, while the safe haven Japanese yen gained 0.33%.
- Stock markets responded in declines after the record highs clocked in the first trading day of the year, where the S&P closed 0.8% higher at a record 3,257.85, and Nasdaq saw a 1.3% rise also hitting a record high while the Dow Jones industrial average climbed 1.2%. The equity market has posted an impressive year in which the S&P 500 rose 28.9% and the Dow climbed 22.3%, while Nasdaq skyrocketed more than 35%. The strength did not seem to bode well in front of the recent developments and saw all of the main indices losing some of their gains.
- A partial trade agreement on goods between the US and Japan took effect on 1 January 2020. It focuses on tariff reductions only, across a narrow range of products. Under the deal, Japan will lower tariffs on USD7.2bn worth of agricultural imports from the US such as beef, pork and wheat, while the US will make tariff concessions on over USD7bn or 5% of goods imports from Japan

Chart Points and Other Technical Input

| CCY | 2nd Support | 1st Support | Spot | 1st Resistance | 2nd Resistance |
|-----|-------------|-------------|--------|----------------|----------------|
| EUR | 1.0980 | 1.1070 | 1.1158 | 1.1240 | 1.1310 |
| GBP | 1.2880 | 1.2980 | 1.3086 | 1.3160 | 1.3265 |
| JPY | 106.30 | 107.05 | 108.08 | 108.90 | 109.70 |
| CHF | 0.9540 | 0.9640 | 0.9725 | 0.9820 | 0.9910 |

Major Currencies

| CCY | Closing Rate | YTD % | CCY | Closing Rate | YTD % |
|---------|--------------|--------|---------|--------------|--------|
| EUR/USD | 1.1158 | (0.46) | EUR/GBP | 0.8530 | 0.90 |
| GBP/USD | 1.3086 | (1.30) | GBP/JPY | 141.36 | (1.00) |
| USD/JPY | 108.0800 | (0.72) | EUR/JPY | 120.60 | (1.11) |
| USD/CHF | 0.9725 | 0.49 | EUR/CHF | 1.0846 | (0.66) |

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved down to the 1.1123 level during Friday's trading session and closed the week at 1.1158. EUR/USD Supports are at (1.0980-1.1070) any break below would take the pair down to 1.0875. Short term outlook is Neutral.

GBP/USD: The pair moved down to the 1.3052 level during Friday's trading session and closed the week at 1.3086. GBP/USD Supports are at (1.2880-1.2980) any break below would take the pair down to 1.2760. Short term outlook is Neutral.

Local & Global Rates

| CCY | 1-Week | 1-Month | 3-Month | 6-Month | 1-Year |
|-----|--------|---------|---------|---------|--------|
| KWD | 2.25 | 2.56 | 2.75 | 2.94 | 3.19 |
| USD | 1.59 | 1.71 | 1.87 | 1.89 | 1.96 |
| EUR | -0.55 | -0.52 | -0.41 | -0.37 | -0.27 |
| GBP | 0.70 | 0.71 | 0.80 | 0.86 | 0.96 |
| CHF | -0.79 | -0.78 | -0.68 | -0.62 | -0.50 |
| AUD | 0.75 | 0.75 | 0.87 | 0.95 | 1.08 |

Economic Events

| Date | Country | Event | Actual | Forecast | Previous |
|-----------|---------|-----------------------------|--------|----------|----------|
| 5-Jan-20 | USD | FOMC Member Williams Speaks | | | |
| 7-Jan-20 | CHF | CPI m/m | | -0.1% | -0.1% |
| 7-Jan-20 | EUR | CPI Flash Estimate y/y | | 1.3% | 1.0% |
| 7-Jan-20 | USD | ISM Non-Manufacturing PMI | | 54.5 | 53.9 |
| 8-Jan-20 | USD | Crude Oil Inventories | | | -11.5M |
| 9-Jan-20 | CNY | CPI y/y | | 4.7% | 4.5% |
| 10-Jan-20 | AUD | Retail Sales m/m | | 0.4% | 0.0% |
| 10-Jan-20 | USD | Average Hourly Earnings | | 0.3% | 0.2% |
| 10-Jan-20 | USD | Non-Farm Employment | | 150K | 266K |
| 10-Jan-20 | USD | Unemployment Rate | | 3.5% | 3.5% |

Government Yields

| Country | 1-Year | 2-Year | 5-Year | 10-Year | 30-Year |
|----------------|--------|--------|--------|---------|---------|
| United States | 1.53 | 1.53 | 1.59 | 1.79 | 2.25 |
| Germany | -0.66 | -0.64 | -0.57 | -0.29 | 0.23 |
| United Kingdom | 0.59 | 0.53 | 0.53 | 0.73 | 1.21 |
| Japan | -0.13 | -0.14 | -0.13 | -0.02 | 0.41 |

Commodities

| Index | Last Price | % Change | Index | Last Price | % Change |
|------------|------------|----------|------------|------------|----------|
| Kuwait Oil | 70.59 | (0.31) | Dow Jones | 28,634.88 | (0.81) |
| Brent | 68.60 | 3.50 | Nikkei 225 | 23,656.62 | (0.76) |
| West Texas | 63.05 | 3.00 | S&P 500 | 3,234.85 | (0.71) |
| Gold | 1,551.40 | 1.48 | KuwaitSE | 6,092.95 | 0.18 |

Global Indices

All information has been sourced from Reuters.

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