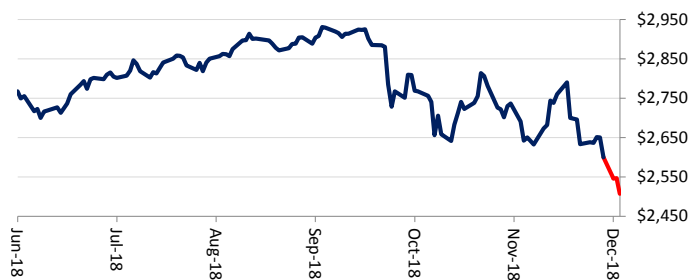


Highlights in the Foreign Exchange Market:

- The US Federal Reserve raised interest rates by a quarter point on Wednesday to a range of 2.25%-2.5%, while signaling a slower rate-hike cycle for 2019. The FOMC voted unanimously, defying pressure from Donald Trump and market traders. The Fed exposed a more cautious tone that is shifting towards a data-dependent status given the volatility of stock markets and global uncertainties. The central bank lowered its prediction for growth next year to 2.3% from 2.5%, while unemployment expectations are unchanged from prior forecasts at 3.5% for 2019. The dot-plot of rates forecasts by the Fed now reveals two quarter-point increases in rates for 2019, down from three in the prior forecast. The most recent core PCE reading came in at 1.8%, just below the central bank's 2% target indicating less of a need to hike in the future. The decision was unwelcome news to the stock market as the S&P 500 plunged to a 15-month low. As investors piled into treasuries, the 30-year treasury yield fell 8.7 points, dropping below 3% for the first time in about 3 months.
- Meanwhile, Kuwait's central bank has decided to maintain its discount rate unchanged at its current level of 3.0%. The bank indicated it will continue to deploy monetary tools to maintain the competitiveness of the Kuwaiti dinar, and will carry on with the aim of stimulating growth in the economy. The move allows for cheaper borrowing costs while simultaneously improving returns on deposits, enhancing the attraction of the KWD.
- Italy and the European Commission have announced a new budget deal after weeks of dispute over spending plans for the upcoming year. The agreement would now lead to a budget deficit of 2.04% of gross domestic product, rather than the 2.4% in the original plan. Italy's public debt sits at 2.3 trillion euros – 131% of Italy's GDP. The staggering figure goes well beyond the 60% EU ceiling. The development came after two months of assertion by Italy's populist government that the budget plan would revive the country's waning economy.

S&P 500
6-Month Performance



EUR/USD
6-Month Performance



Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1285	1.1335	1.1384	1.1445	1.1500
GBP	1.2525	1.2585	1.2627	1.2675	1.2735
JPY	111.25	111.75	112.23	112.80	113.35
CHF	0.9845	0.9895	0.9946	0.9995	1.0045

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1375	(5.09)	EUR/GBP	0.9019	1.44
GBP/USD	1.2607	(6.51)	GBP/JPY	141.83	(7.03)
USD/JPY	112.47	(0.67)	EUR/JPY	127.95	(5.71)
USD/CHF	0.9944	1.99	EUR/CHF	1.1313	(3.22)

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved up to the 1.1440 level during Wednesday's trading session and currently trading at 1.1384. EUR/USD Support is at (1.1215-1.1285) any break below would take the pair to 1.1070. Short term outlook is neutral. However, if the pair breaks the low of the year 1.1213 level it will turn bearish.

GBP/USD: The pair moved down to the 1.2605 level during Wednesday's trading session and currently trading at 1.2628. GBP/USD Resistance is at (1.2735-1.2755) any break above would take the pair to 1.2840. Short term outlook is neutral.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.44	1.94	2.19	2.44	2.69
USD	2.37	2.48	2.79	2.87	3.05
EUR	-0.43	-0.42	-0.35	-0.32	-0.21
GBP	0.71	0.73	0.91	1.02	1.16
CHF	-0.79	-0.84	-0.73	-0.66	-0.53
AUD	1.50	2.42	2.19	2.15	2.30

Economic Events

Date	Country	Event	Actual	Forecast	Previous
19-Dec-18	GBP	CPI y/y	2.3%	2.3%	2.4%
19-Dec-18	CAD	CPI m/m	-0.4%	-0.1%	0.3%
19-Dec-18	USD	FOMC Statement			
19-Dec-18	USD	Federal Funds Rate	<2.5%	<2.5%	<2.25%
19-Dec-18	NZD	GDP q/q	0.3%	0.6%	1.0%
19-Dec-18	JPY	BOJ Policy Rate	-0.10%	-0.10%	-0.10%
20-Dec-18	GBP	Retail Sales m/m		0.3%	-0.5%
20-Dec-18	GBP	Monetary Policy Summary			
21-Dec-18	GBP	Current Account		-22.2Bn	-2.03Bn
21-Dec-18	USD	Final GDP q/q		3.5%	3.5%

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.62	2.65	2.62	2.75	2.97
Germany	-0.68	-0.63	-0.29	0.23	0.86
United Kingdom	0.74	0.73	0.89	1.28	1.82
Japan	-0.17	-0.15	-0.14	0.02	0.72

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	55.21	0.11	Dow Jones	23,323.66	(1.49)
Brent	55.54	(0.04)	Nikkei 225	20,305.23	(3.25)
West Texas	47.91	(0.21)	S&P 500	2,506.96	(1.54)
Gold	1,245.57	0.21	KuwaitSE	5,139.84	(0.90)

All information has been sourced from Reuters.

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