

Highlights in the Foreign Exchange Market:

- US President Donald Trump has invited congressional leaders from the Democrats and Republicans to the White House. The details of the meeting are still being worked out; it will likely occur Wednesday afternoon and would include a briefing on border security from the Department of Homeland Security officials. The meeting would come as negotiations to re-open a quarter of the Federal Government that has been in a halt for nearly two weeks. The invited leaders include Senate Minority leader Chuck Schumer and incoming House speaker Nancy Pelosi. Pelosi and Schumer have laid out their proposal to end the shutdown, a short-term proposal that would maintain the current border security funding level of \$1.3bn. The proposal has already been rejected by Trump on Twitter.
- Looking at equities, US stocks experienced their worst year in 2018 since the financial crisis. As concerns regarding geopolitical tensions and a slowing global economy increase, the overwhelming mood is one of uncertainty. The escalating trade war between the US and China along with Brexit havoc has rattled investors confidence across the globe. Brexit uncertainty has weighed heavy on both the pound and UK's stock market, with the FTSE 100 down more than 12% for the year. China was reportedly the worst-performing equity market of the year as the CSI 300 index lost around 25% of its value amid trade war stresses. This drop is immense compared to other poor global performers: Japan's Nikkei 225 dropped 14%, the S&P 500 was down 8%, and UK's FTSE 100 fell 13%.
- On the first trading day of the year, the safe haven Japanese yen began on a strong footing. The JPY has gained positive momentum lately due to concerns over a global economic slowdown, the US government shutdown and a slower pace of monetary tightening by the US Federal Reserve. The US dollar is down by 0.30% versus the JPY at 109.40. The pair is currently trading at an 8-month low.

Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1345	1.1390	1.1445	1.1495	1.1545
GBP	1.2630	1.2680	1.2732	1.2785	1.2835
JPY	108.35	108.85	109.37	109.85	110.40
CHF	0.9735	0.9775	0.9834	0.9885	0.9940

Brief Technical Commentary

EUR/USD: The pair moved up to the 1.1479 level during Monday's trading session and currently trading at 1.1445. EUR/USD Support is at (1.1325-1.1345) 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 109.78 level during Monday's trading session and currently trading at 109.34 USD/JPY Support is at (108.35-108.85) any break below targets 107.30 Short term and medium term outlook are Bearish.

Economic Events

Date	Country	Event	Actual	Forecast	Previous
31-Dec-18	CNY	Manufacturing PMI	49.4	50.0	50.0
2-Jan-19	GBP	Manufacturing PMI		52.6	53.1
3-Jan-19	USD	ADP Non-Farm Employment		108k	179k
3-Jan-19	USD	ISM Manufacturing PMI		58.2	59.3
4-Jan-19	GBP	Services PMI		50.8	50.4
4-Jan-19	EUR	Core CPI Flash Estimate y/y		1.0%	1.05
4-Jan-19	EUR	CPI Flash Estimate y/y		1.8%	2.0%
4-Jan-19	USD	Average Hourly Earnings m/m		0.3%	0.2%
4-Jan-19	USD	Non-Farm Employment Change		181k	155k
4-Jan-19	USD	Unemployment Rate		3.7%	3.7%

All information has been sourced from Reuters.

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CSI 300
2018 Performance



USD/JPY
3-Month Performance



Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1462	0.19	EUR/GBP	0.8988	0.17
GBP/USD	1.2751	0.09	GBP/JPY	139.93	(0.44)
USD/JPY	109.71	(0.98)	EUR/JPY	125.79	(0.59)
USD/CHF	0.9814	(0.14)	EUR/CHF	1.1263	0.10

Major Crosses

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.69	2.13	2.38	2.63	2.81
USD	2.41	2.50	2.81	2.88	3.01
EUR	-0.44	-0.41	-0.36	-0.30	-0.18
GBP	0.70	0.73	0.91	1.03	1.17
CHF	-0.82	-0.80	-0.71	-0.63	-0.50
AUD	1.75	1.85	1.93	2.13	2.35

Government Yields

Country	1-Year	2-Year	5-Year	10-Year	30-Year
United States	2.62	2.49	2.51	2.68	3.02
Germany	-0.69	-0.63	-0.29	0.24	0.87
United Kingdom	0.73	0.72	0.89	1.27	1.82
Japan	-0.16	-0.15	-0.16	-0.01	0.70

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	52.65	(2.03)	Dow Jones	23,327.46	1.15
Brent	50.51	(0.04)	Nikkei 225	20,014.77	(0.31)
West Texas	45.10	(0.22)	S&P 500	2,506.85	0.85
Gold	1,287.09	0.38	KuwaitSE	5,079.56	(0.90)