

Highlights in the Foreign Exchange Market:

- US equity indices slid to their lowest level in 14 months as worries regarding the health of the global economy deepened ahead of the Federal Reserve meeting on Wednesday. Both the S&P 500 and the Dow Jones Industrial Average ended 2.1% lower on Monday, while the Nasdaq Composite dropped 2.3%. Markets are currently weighed down by a number of matters regarding global economic stability such as ongoing trade tensions, an inverting yield curve, and weak growth in China and Europe. The yield on the benchmark 10-year Treasury was down 2.8 basis points, hovering around its lowest level in 3 months. Nonetheless, the Fed is highly expected to hike during tomorrow's meeting with markets expecting a 25 basis point interest rate increase, bringing the Federal Funds rate to 2.5%.
- When Theresa May postponed the vote on her Brexit deal in the parliament, she was faced with accusations that she was trying to force a deeply divided parliament into backing her deal by running the clock down on the exit day. On Monday, she said that she would bring her Brexit deal back to a vote mid-January, a move that could force lawmakers to make a decision between her deal or a no-deal Brexit. May has been rejecting calls for a second referendum and pressing her deal. She says that in order to maintain the democracy, they have to stick with the voice of the people when they voted for the first time. The increases of the risk of a no-deal Brexit are showing an impact, with data on Monday showing a drop in consumer spending, falling house prices and a growing pessimism in household finances. Labor's party leader Jeremy Corbyn said in a comment that May was the architect of a constitutional crisis, "leading the most shambolic and chaotic government in modern British history." The GBP/USD hit this year's low at 1.2484 last week on the day of the initial vote.
- Meanwhile, oil prices continued to decline this morning despite OPEC's recent agreement to curb output. The decline came after expectations of oversupply in the market next year mounted. Larger inventory stocks and higher forecasts of output in the United States adding pressure to prices. Furthermore, concerns of weakening global economic growth may lead to less demand as well. Brent crude was last \$58.73.

Brent Crude Oil
Year-to-date



GBP/USD & EUR/USD
Year-to-date



Chart Points and Other Technical Input

CCY	2nd Support	1st Support	Spot	1st Resistance	2nd Resistance
EUR	1.1245	1.1295	1.1349	1.1400	1.1450
GBP	1.2525	1.2575	1.2626	1.2685	1.2735
JPY	111.45	112.00	112.52	113.00	113.55
CHF	0.9825	0.9875	0.9924	0.9975	1.0025

Major Currencies

CCY	Closing Rate	YTD %	CCY	Closing Rate	YTD %
EUR/USD	1.1346	(5.46)	EUR/GBP	0.8993	1.11
GBP/USD	1.2625	(6.56)	GBP/JPY	142.35	(6.55)
USD/JPY	112.82	(0.08)	EUR/JPY	128.02	(5.53)
USD/CHF	0.9928	1.91	EUR/CHF	1.1266	(3.64)

Major Crosses

Brief Technical Commentary

EUR/USD: The pair moved up to the 1.1360 level during Monday's trading session and currently trading at 1.1349. EUR/USD Support is at (1.1215-1.1245) 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 up to the 1.2646 level during Monday's trading session and currently trading at 1.2627. GBP/USD Support is at (1.2475-1.2525) any break below would take the pair to 1.2375. Short term outlook is Bearish. However, if the pair breaks above the 1.2685 level it will turn neutral.

Local & Global Rates

CCY	1-Week	1-Month	3-Month	6-Month	1-Year
KWD	1.38	1.88	2.13	2.38	2.63
USD	2.30	2.47	2.80	2.90	3.10
EUR	-0.43	-0.41	-0.35	-0.32	-0.21
GBP	0.71	0.73	0.91	1.03	1.16
CHF	-0.80	-0.83	-0.74	-0.66	-0.52
AUD	1.75	2.46	2.15	2.23	2.38

Economic Events

Date	Country	Event	Actual	Forecast	Previous
19-Dec-18	GBP	CPI y/y		2.3%	2.4%
19-Dec-18	CAD	CPI m/m		-0.1%	0.3%
19-Dec-18	USD	FOMC Statement			
19-Dec-18	USD	Federal Funds Rate		<2.5%	<2.25%
19-Dec-18	NZD	GDP q/q		0.6%	1.0%
19-Dec-18	JPY	BOJ Policy Rate		-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	2.65	2.68	2.68	2.85	3.11
Germany	-0.69	-0.63	-0.28	0.25	0.88
United Kingdom	0.76	0.74	0.89	1.27	1.80
Japan	-0.19	-0.16	-0.15	0.02	0.75

Commodities

Index	Last Price	% Change	Index	Last Price	% Change
Kuwait Oil	57.53	(3.89)	Dow Jones	23,592.98	(2.11)
Brent	57.53	(0.03)	Nikkei 225	21,158.57	(1.62)
West Texas	49.75	(0.20)	S&P 500	2,545.94	(2.08)
Gold	1,246.87	0.08	KuwaitSE	5,162.58	(0.90)

All information has been sourced from Reuters.

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