



بيت التمويل الكويتي
Kuwait Finance House

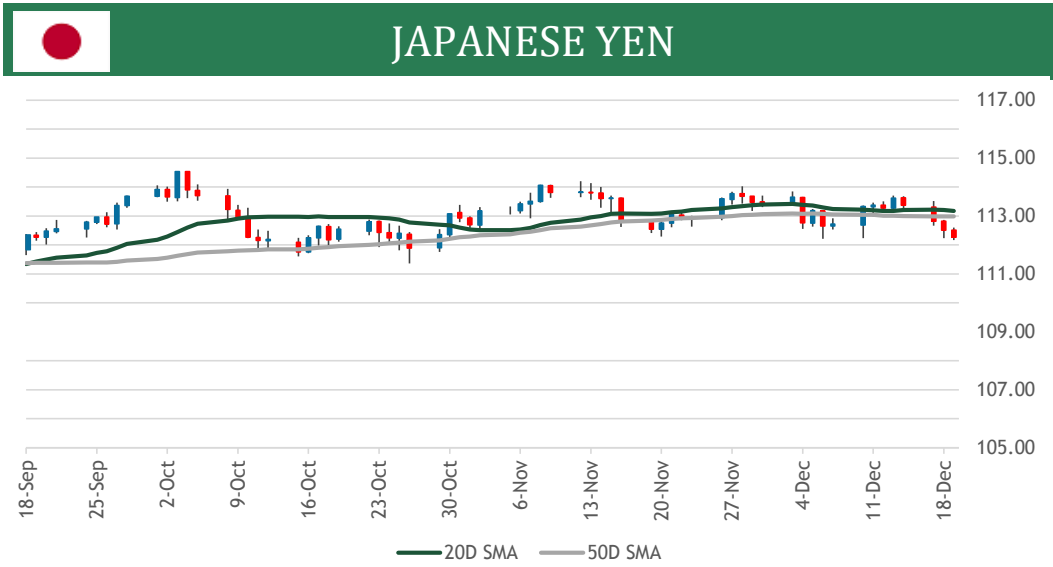


Market Commentary

KFH Treasury



Forex Market

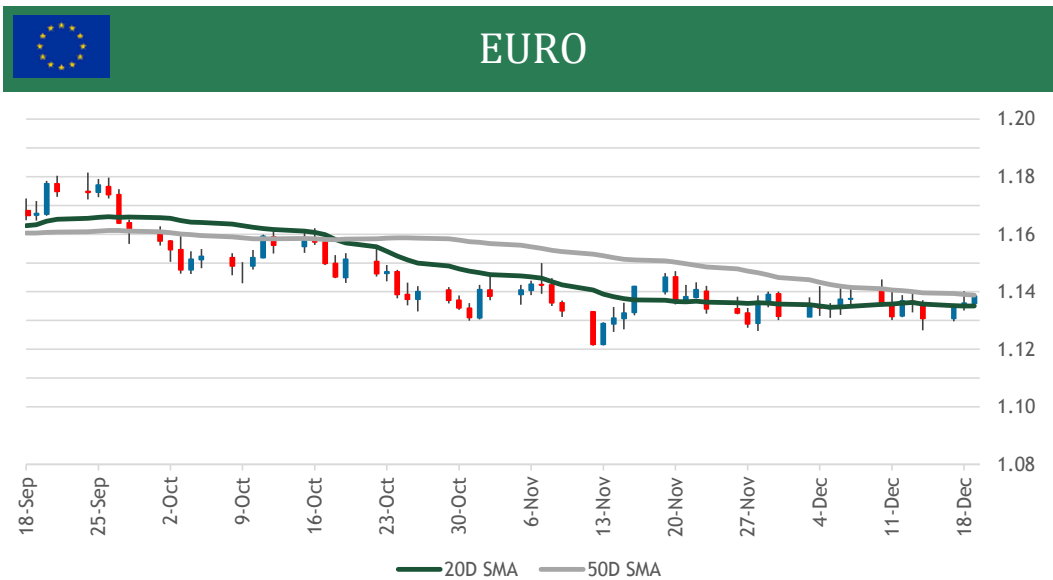


CLOSE
112.51

1M %chg
-0.27%

3M %chg
0.14%

- The Yen traded firmer yest on account of the risk-off tone during the Asian/European sessions. The Yen was also boosted by Japan's govt lowering their FY2018/19 growth/inflation f/cs, how US equities faded their early gains and by crude's sharp slump.
- In early trade today, there was a brief Yen bid following the weak Japan Nov trade report (exports moderated more than expected to a 0.1% y/y pace vs f/c 1.2% y/y and 8.2% y/y prev, imports however were a beat at 12.5% y/y vs f/c 11.8% y/y and 19.9% y/y prev, with the trade deficit widening more than expected to -Yen737.3 bln and the adj trade deficit widening to -Yen492.2 bln).
- Sell on strength around 112.70/80, targeting a run down to 111.42, placing stops at 113.37.



CLOSE
1.1361

1M %chg
-0.50%

3M %chg
-2.61%

- The Euro generally traded firmer yest.
- EUR/USD was lifted up to 1.1402 by leveraged short-covering before gains were pared to 1.1361 by model sellers. The Euro rallied against the commod-ccies in the wake of crude's sharp slump. EUR/JPY ended slightly weaker amidst the risk-off backdrop, while EUR/NZD was sold by algo/macro names. The Euro however ticked sideways against the Sterling and Swiss Franc.
- There was scant Euro reaction to a downbeat German Dec IFO survey (biz confidence eased to 101.0 vs f/c 101.7 and 102.0 prev, current assessment index fell to 104.7 vs f/c 105.0 and 105.5 prev, expectations index fell to 97.3 vs f/c 98.4 and 98.7 prev).
- Sell at 1.1385 and on strength around 1.1411, targeting a run down to 1.1127, placing stops at 1.1477.

Forex Market

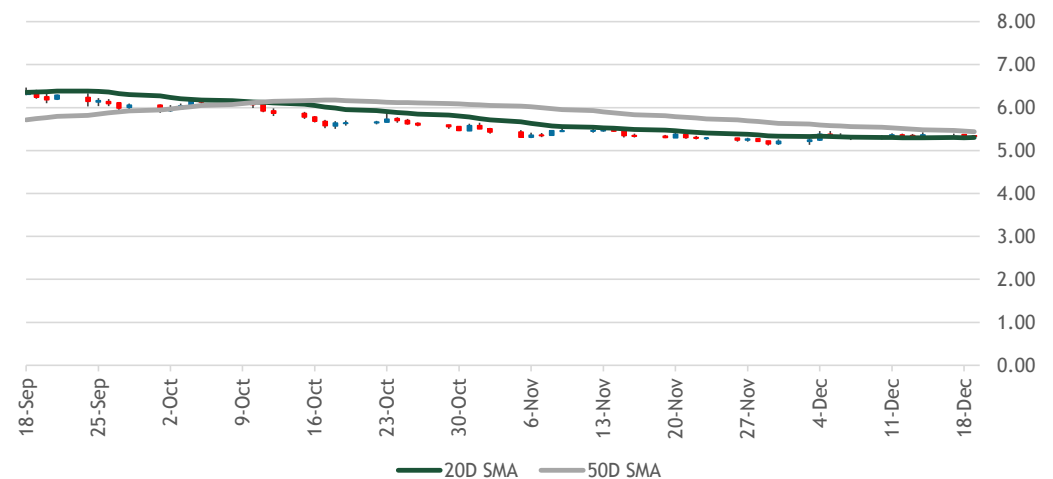
POUND STERLING



CLOSE	1M %chg	3M %chg
1.2644	-1.50%	-3.83%

- The Sterling traded mixed yest. GBP/USD initially rallied up to 1.2706 on pre-FOMC adjustments but those gains were mostly erased on Brexit concerns. The Sterling was however able to post gains against the commod-ccies but ticked sideways against the Euro.
- While PM May's office said that the cabinet is still backing her Brexit deal and that getting it through parliament remains their priority, cabinet ministers have agreed to step up no-deal preparations, with the govt warning businesses to prepare for the worst.
- The EU has also ruled out a "managed no-deal" (piece-meal deals such as buying a transition period to help cushion the blow of a no-deal Brexit), stating that there won't be a transition period if a Brexit deal isn't sealed, and stressed that it would take unilateral steps to protect it's interests.
- Sell at 1.2689 and 1.2715, targeting a run down to 1.2381, placing stops at 1.2813.

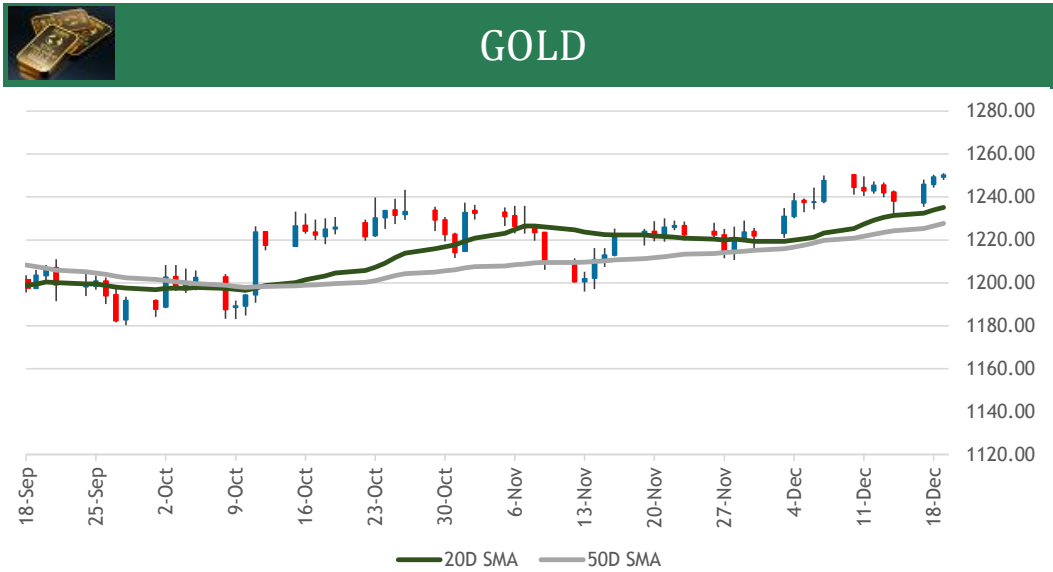
TURKISH LIRA



CLOSE	1D %chg	1M %chg
5.3440	-0.44%	0.25%

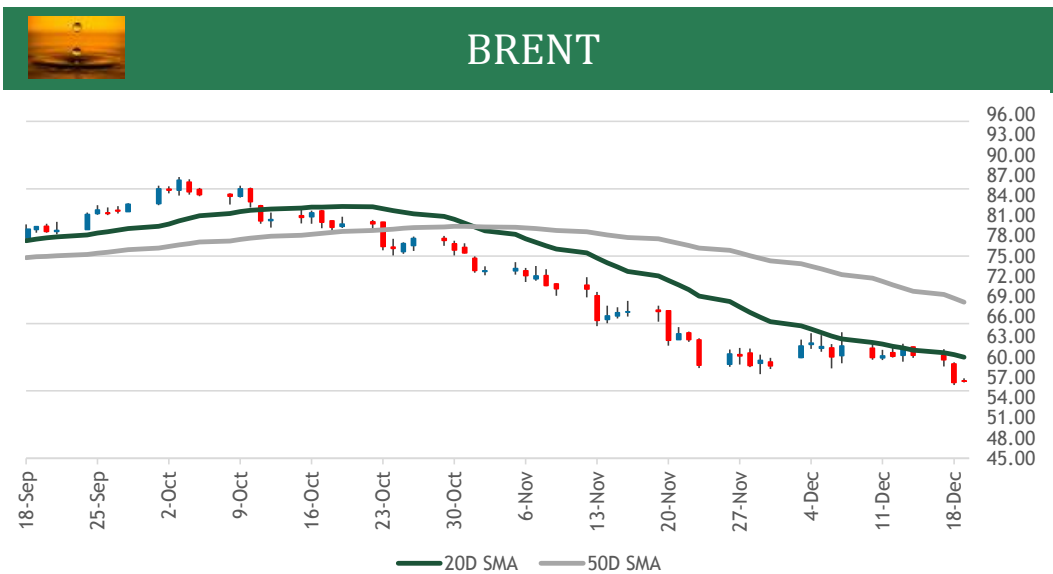
- USD/TRY is beginning to catch up with Usd/Zar, as it drops to below 5.3500, for new lows since Thurs night last week, with slumping oil prices again a factor for the net importers.
- This after the Lira struggled yesterday as the slump in Turkish Oct IP once again fueled fears that the CBRT will push ahead with rate cuts in early 2019, as the economy officially enters recession in Q4.
- We also note the latest negative view from the IIF, which has highlighted how Turkey's credit crunch has been morphing from a complete shutdown in FX-denominated lending to now a credit crunch in TRY-denominated new lending. This will further add to these rate cut fears.

Commodities



CLOSE **1249.29** 1D %chg **0.28%** 1W %chg **0.52%**

- Gold scaled a more than five-month peak early Wednesday before erasing all the gains to trade steady as investors awaited the conclusion of a two-day policy meeting of the U.S. Federal Reserve for clues on the pace of monetary tightening next year.
- Spot Gold was steady at \$1,249.63 per ounce, as of 0116 GMT, having touched a peak since July 11 at \$1,250.92 earlier in the session.
- U.S. Gold futures were steady at \$1,253.1 per ounce.



CLOSE **56.26** 1D %chg **-5.62%** 1W %chg **-6.54%**

- U.S. oil prices rose on Wednesday to claw back part of their more than 5 percent losses from the previous session, with worries about oversupply and a slowing global economy keeping markets under pressure. U.S. crude oil had climbed 37 cents, or 0.8 percent, to \$46.24 per barrel by 0122 GMT, after plunging 7.3 percent the day before in a session when it touched its lowest since August last year at \$45.79. Global benchmark Brent was up 0.85 percent, or 49 cents, at \$56.75 per barrel. It dropped 5.62 percent on Tuesday, at one point marking a 14-month low of \$56.16 a barrel.
- U.S. crude stocks rose unexpectedly last week, while gasoline inventories increased, industry group the American Petroleum Institute said on Tuesday.

Daily Market Report



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1346	1.1402	1.1335	1.1361	0.13%
GBP	1.2622	1.2705	1.2608	1.2644	0.15%
JPY	112.82	112.86	112.23	112.51	-0.27%
TRY	5.3687	5.3892	5.3240	5.3440	-0.44%
Dollar Idx	97.1330	97.1660	96.6990	97.1040	0.00%
Brent	59.00	59.24	55.89	56.26	-5.62%
WTC	-	-	-	46.12	-7.39%
Gold	1245.92	1250.27	1244.35	1249.29	0.28%
KWSE Index	6603.5800	6643.2400	6601.5900	6633.4400	0.00%

UPCOMING ECONOMIC RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Foreign Bond Investment	JP	19/Dec 00:50	w/e	1241.4	
Core CPI YY	GB	19/Dec 10:30	Nov	1.9	1.8
CPI NSA*	GB	19/Dec 10:30	Nov	106.74	
RPI-X (Retail Prices) MM	GB	19/Dec 10:30	Nov	0.1	
Construction Output MM*	EU	19/Dec 11:00	Oct	2.04	

KIBOR RATES

Tenor	Value	Tenor	Value
ON	0.81	3M	2.13
SW	1.38	6M	2.38
1M	1.88	1Y	2.63

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

0.30375

1D %chg

-0.08%

POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	18/Dec/'18	2.25	2.25	0.00
1W Repo Rate	18/Dec/'18	2.50	2.50	0.00
1M Repo Rate	18/Dec/'18	3.00	3.00	0.00
KWD ON Rate	18/Dec/'18	10.00	10.00	0.00
Discount Rate	18/Dec/'18	3.00	3.00	0.00

LIBOR RATES

Tenor	Value	Tenor	Value
ON	2.18	3M	2.80
SW	2.30	6M	2.90
1M	2.47	1Y	3.10
2M	2.59		

OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	26/Sep/'18	2.25	1.00	1.25
ECB Refinancing Rate	10/Mar/'16	0.00	0.05	-0.05
BOE Bank Rate	02/Aug/'18	0.75	0.50	0.25
BOJ Prime Rate	10/Jul/'17	1.00	0.95	0.05
TRY ON Lending Rate	21/Sep/'18	25.50	24.00	1.50

Economic Calendar & News

ECONOMIC CALENDAR - Upcoming shortly

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Foreign Bond Investment	JP	19/Dec 00:50	w/e	1241.4	
Foreign Invest JP Stock	JP	19/Dec 00:50	w/e	-446.60	
CPI NSA*	GB	19/Dec 10:30	Nov	106.74	
Core CPI MM	GB	19/Dec 10:30	Nov	0.0	0.1
Core CPI YY	GB	19/Dec 10:30	Nov	1.9	1.8
CPI MM	GB	19/Dec 10:30	Nov	0.1	0.2
CPI YY	GB	19/Dec 10:30	Nov	2.4	2.3
PPI Core Output MM NSA	GB	19/Dec 10:30	Nov	0.3	0.2
PPI Core Output YY NSA	GB	19/Dec 10:30	Nov	2.4	2.3
PPI Input Prices YY NSA	GB	19/Dec 10:30	Nov	10.0	4.6
PPI Input Prices MM NSA	GB	19/Dec 10:30	Nov	0.8	-3.00
PPI Output Prices MM NSA	GB	19/Dec 10:30	Nov	0.3	-0.10
PPI Output Prices YY NSA	GB	19/Dec 10:30	Nov	3.3	2.9
RPI YY	GB	19/Dec 10:30	Nov	3.3	3.2
RPI MM	GB	19/Dec 10:30	Nov	0.1	0.1
RPI Index	GB	19/Dec 10:30	Nov	284.5	
RPI-X (Retail Prices) MM	GB	19/Dec 10:30	Nov	0.1	
RPIX YY	GB	19/Dec 10:30	Nov	3.2	
Construction Output MM*	EU	19/Dec 11:00	Oct	2.04	
CBI Trends - Orders	GB	19/Dec 12:00	Dec	10	6
MBA 30-Yr Mortgage Rate	US	19/Dec 13:00	w/e	4.96	
MBA Mortgage Applications	US	19/Dec 13:00	w/e	1.6	
Mortgage Market Index	US	19/Dec 13:00	w/e	346.0	
MBA Purchase Index	US	19/Dec 13:00	w/e	256.1	

NEWS AND STREET BUZZ

Global Top News

- SoftBank Corp shares slumped more than 10 percent on debut, as investor appetite for Japan's biggest ever IPO was hurt by a recent service outage at the telecoms operator and worries over its exposure to Chinese telecoms gear maker Huawei.
- Asian share markets played second string to bonds on Wednesday as a spectacular fall in the price of oil spurred speculation the U.S. Federal Reserve might be done with tightening after its policy meeting later in the session.
- The British government said on Tuesday it would implement plans for a no-deal Brexit in full and begin telling businesses and citizens to prepare for the risk of leaving the European Union without an agreement.
- A very cautious optimism remains among Asian companies in the fourth quarter as they wait to see whether there will be any breakthrough in a trade dispute between the United States and China.
- The Dubai stock market fell sharply on Tuesday to post its biggest one-day loss since June as real estate stocks slid, while tumbling oil prices dragged down all major Gulf bourses.
- Oil prices fell 4 percent after reports of swelling inventories and forecasts of record U.S. and Russian output combined with a sharp sell-off in stock markets as the outlook for global growth deteriorated.
- Saudi Arabian government collected more than 50 billion riyal (\$13.33 billion) so far this year from settlements reached with detainees in a crackdown on corruption launched at the end of last year, said Finance Minister Mohammed al-Jadaan on Tuesday.
- Emirates Global Aluminium (EGA), Mubadala Investment Co and Dubal Holding on Tuesday announced plans to develop a power and water desalination plant at EGA's smelter in Jebel Ali in Dubai.
- United Arab Emirates' utility Utico Middle East has hired Emirates NBD Capital ENBD for a potential share sale and public listing, the company said on Tuesday.

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