



بيت التمويل الكويتي  
Kuwait Finance House

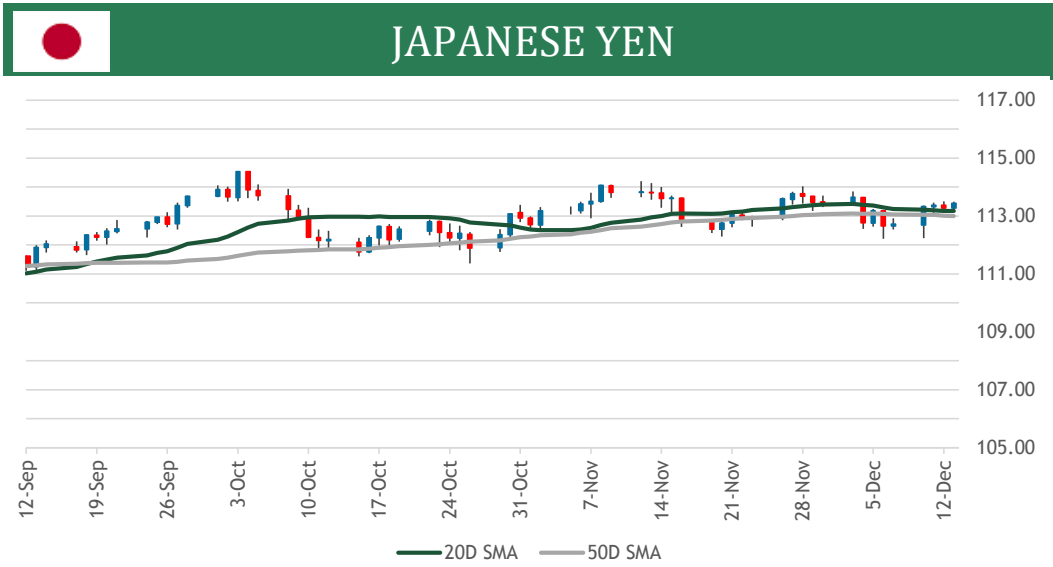


# Market Commentary

## KFH Treasury

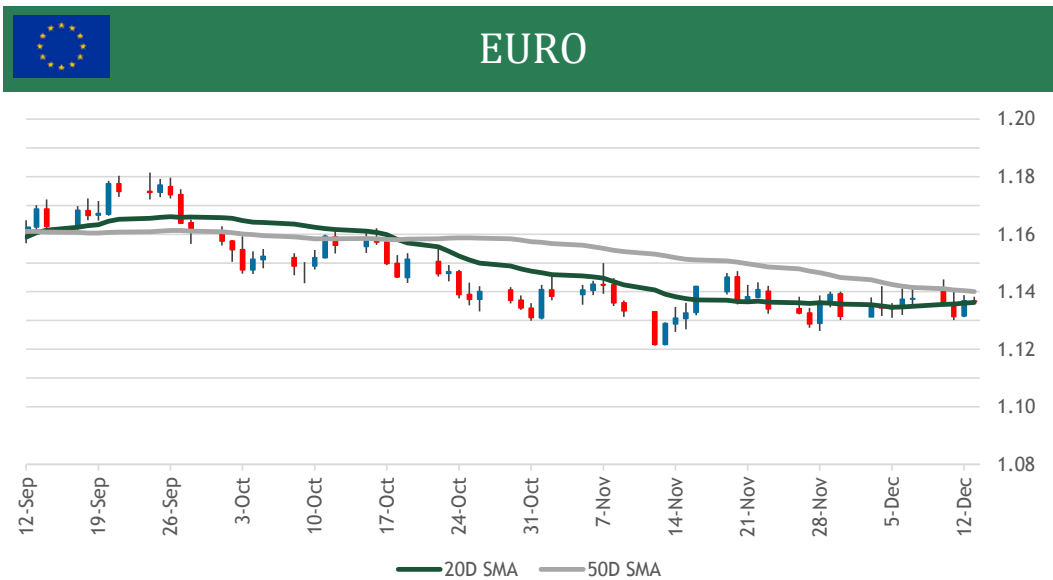


# Forex Market



CLOSE **113.27** 1M %chg **-0.49%** 3M %chg **1.82%**

- The Yen was initially on the backfoot yest given the risk-on rally across the broader markets.
- That said, the Yen pairs subsequently diverged. While GBP/JPY saw a short-squeeze amidst speculation that PM May would survive the no-confidence vote (which she since has) and EUR/JPY rallied on Italian/Deutsche news and Sterling contagion, the other Yen pairs pared their gains as US equities faded from their early highs.
- Thus far today, the Yen is trading softer on the back of another rally in Asian equities, although we don't expect much sustained traction as pre-ECB caution is likely to kick in from here. USD/JPY had hit a high of 113.52 in yest's Asian session, but the topside was subsequently contained by exporter/option-related selling interest.
- Sell at 113.45, targeting a run down to 111.42, placing stops at 114.07.

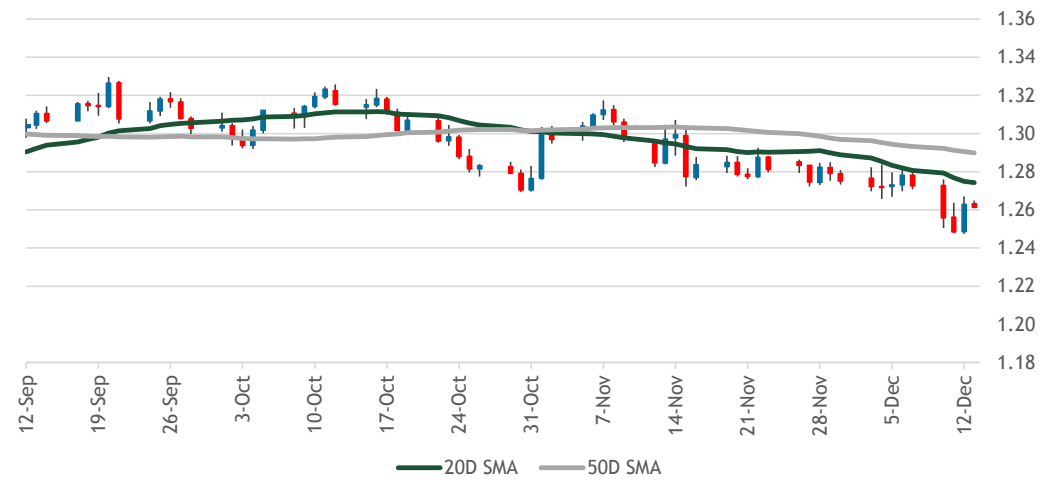


CLOSE **1.1368** 1M %chg **1.35%** 3M %chg **-2.20%**

- Our Euro strategy going into the ECB decision remains the same, that of fading on strength.
- EUR/USD rebounded yest from 1.1315 to 1.1387 on the back of Italian/Deutsche news and positive Sterling contagion.
- That said, the rebound was far more muted than one would have expected, with traders wary of taking the rebound catalysts at face value.
- Pre-ECB caution also played a part in restraining the Euro's topside. Currently hovering around 1.1370 amidst thin trade flows.
- Sell on strength at 1.1380 and 1.1396, targeting a run down to 1.1127, placing stops at 1.1478.

# Forex Market

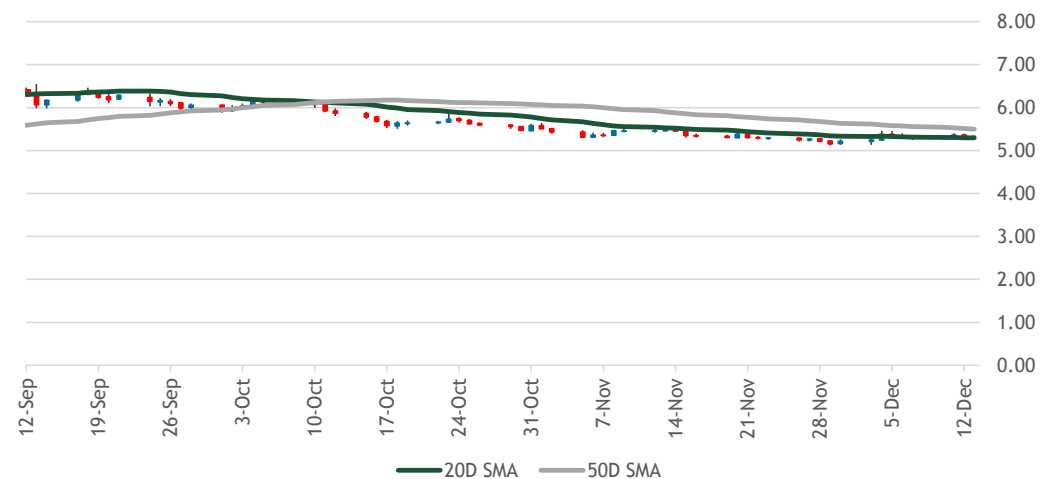
## POUND STERLING



CLOSE	1M %chg	3M %chg
<b>1.2629</b>	<b>-1.70%</b>	<b>-3.20%</b>

- GBP/USD saw a leveraged/momentum short-squeeze yest from 1.2478 to 1.2672 after speculation mounted that PM May was likely to survive the Tory no-confidence vote.
- Indeed, May garnered enough votes to survive the no-confidence vote by a 200-117 count, but GBP/USD has actually eased off the pre-vote high on fresh macro/model selling.
- This is as traders return to surveying the Brexit situation, and finding that all the underlying uncertainties remains unchanged.
- Currently hovering around 1.2620 amidst thin trade flows.
- Sell at 1.2618 and at 1.2634, targeting a run down to 1.2381, placing stops at 1.2732.

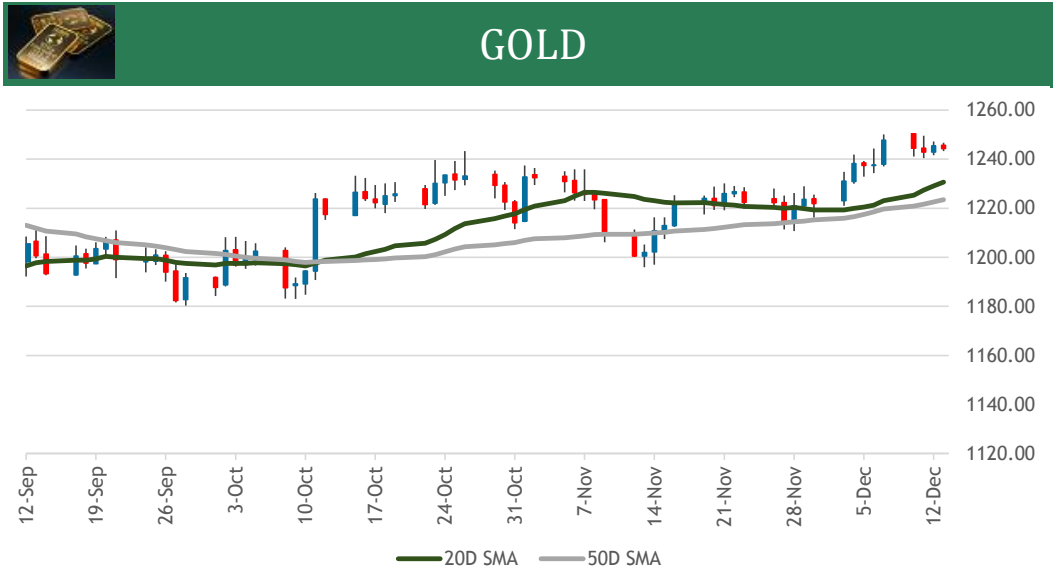
## TURKISH LIRA



CLOSE	1D %chg	1M %chg
<b>5.3417</b>	<b>-0.42%</b>	<b>-2.17%</b>

- USD/TRY is outperforming following the earlier announcement from Turkish Pres Erdogan that the country will launch a new offensive against Kurdish militants in Syria within days, in a move that could escalate tensions with the US.
- This follows repeated threats from Turkey in recent months to act against the YPG Kurdish militia. Erdogan said the recent US decision to set up observation posts in the region aims not to protect Turkey, but to protect the 'terrorists' from Turkey.
- USD/TRY is currently trading around 5.3850, but did test 5.4000 immediately after the announcement.

# Commodities



CLOSE  
**1245.40**

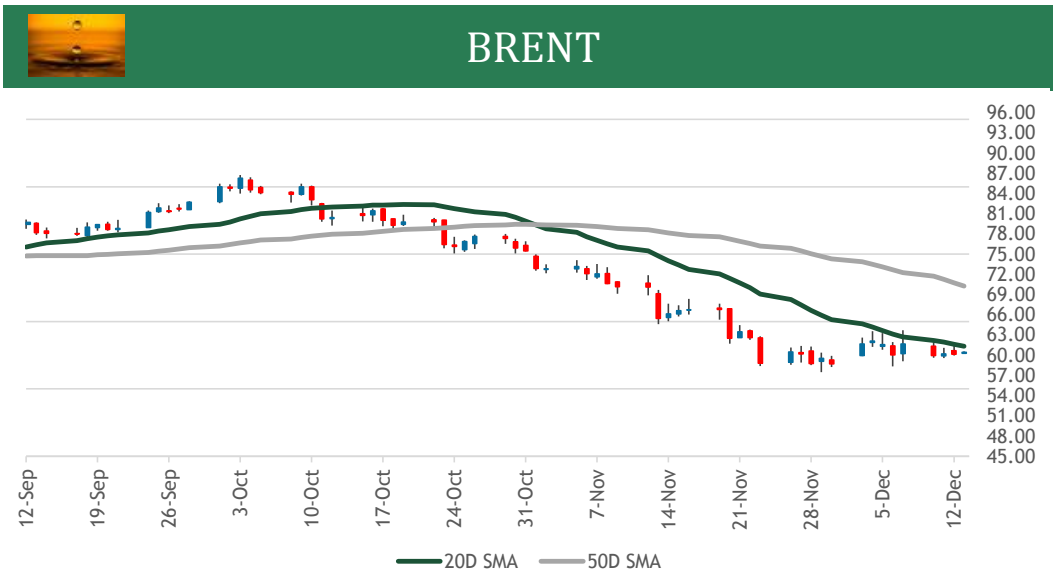
1D %chg  
**0.21%**

1W %chg  
**0.64%**

-Gold prices dipped early on Thursday as the dollar steadied after declining from a near one-month high in the previous session, while palladium rose to a record high, trading at a premium to the bullion.

-Spot Gold was down 0.1 percent at \$1,244.56 per ounce, as of 0124 GMT.

-U.S. Gold futures were little changed at \$1,249.5 per ounce.



CLOSE  
**60.15**

1D %chg  
**-0.08%**

1W %chg  
**-2.29%**

-Oil prices rose on Thursday, buoyed by a drawdown in U.S. crude inventories and signs that China is taking more concrete steps to put a trade war truce with Washington into action.

-Crude oil prices have also been supported by OPEC-led supply curbs announced last week, although gains were capped after the producer group lowered its 2019 demand forecast

-International Brent crude oil futures were at \$60.46 per barrel at 0213 GMT, up 31 cents, or 0.52 percent, from their last close.

-U.S. West Texas Intermediate (WTI) crude futures were at \$51.40 per barrel, up 25 cents or, 0.49 percent.

# Daily Market Report

## MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1316	1.1388	1.1311	1.1368	0.48%
GBP	1.2486	1.2671	1.2475	1.2629	1.16%
JPY	113.37	113.51	113.13	113.27	-0.09%
TRY	5.3638	5.3951	5.3245	5.3417	-0.42%
Dollar Idx	97.3800	97.4930	96.8900	97.0440	-0.35%
Brent	60.67	61.43	59.98	60.15	-0.08%
WTC	-	-	-	51.04	-1.18%
Gold	1242.85	1247.16	1241.55	1245.40	0.21%
KWSE Index	6603.5800	6643.2400	6601.5900	6633.4400	0.00%

## UPCOMING ECONOMIC RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Tankan Big Mf Idx	JP	13/Dec 00:50	Q4	19	17
Tankan All Big Capex Est	JP	13/Dec 00:50	Q4	13.4	12.7
Tankan Big Mf Outlook DI	JP	13/Dec 00:50	Q4	19	16
Beef Export Sales New	US	13/Dec 14:30	w/e	10.600	
Corn Exp Sales Net Total	US	13/Dec 14:30	w/e	1177.50	

## KIBOR RATES

Tenor	Value	Tenor	Value
ON	0.81	3M	2.13
SW	1.31	6M	2.38
1M	1.88	1Y	2.63

## CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

**0.30400**

1D %chg

**0.07%**

POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	12/Dec/'18	2.25	2.25	0.00
1W Repo Rate	12/Dec/'18	2.50	2.50	0.00
1M Repo Rate	12/Dec/'18	3.00	3.00	0.00
KWD ON Rate	12/Dec/'18	10.00	10.00	0.00
Discount Rate	12/Dec/'18	3.00	3.00	0.00

## LIBOR RATES

Tenor	Value	Tenor	Value
ON	2.18	3M	2.78
SW	2.21	6M	2.88
1M	2.43	1Y	3.09
2M	2.58		

## 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
Tankan Big Mf Idx	JP	13/Dec 00:50	Q4	19	17
Tankan Big Non-Mf Idx	JP	13/Dec 00:50	Q4	22	21
Tankan Big Mf Outlook DI	JP	13/Dec 00:50	Q4	19	16
Tankan big non-mf outlook DI	JP	13/Dec 00:50	Q4	22	20
Tankan All Big Capex Est	JP	13/Dec 00:50	Q4	13.4	12.7
Tankan Small Non-Mf Idx	JP	13/Dec 00:50	Q4	10	9
Tankan Small Mf Idx	JP	13/Dec 00:50	Q4	14	13
Tankan Sm Mf Outlook DI	JP	13/Dec 00:50	Q4	11	10
Tankan All Sm Capex Est	JP	13/Dec 00:50	Q4	-8.40	-3.60
Tankan Sm Non-Mf Outlook DI	JP	13/Dec 00:50	Q4	5	6
RICS Housing Survey	GB	13/Dec 01:01	Nov	-10.00	-10.00
TR IPSOS PCSI	GB	13/Dec 12:00	Dec	50.34	
ECB Deposit Rate	EU	13/Dec 13:45	Dec	-0.40	-0.40
ECB Refinancing Rate	EU	13/Dec 13:45	Dec	0.00	0.00
ECB Refinancing Rate	EU	13/Dec 13:45	Dec	0.00	0.00
Beef Export Sales Net	US	13/Dec 14:30	w/e	-0.10	
Beef Export Sales New	US	13/Dec 14:30	w/e	10.600	
Corn Exp Sale Next Yr Net	US	13/Dec 14:30	w/e	0.00	
Corn Exp Sales Net Total	US	13/Dec 14:30	w/e	1177.50	
Export Prices MM	US	13/Dec 14:30	Nov	0.4	-0.10
Export Prices MM	US	13/Dec 14:30	Nov	0.4	-0.10
Import Prices MM	US	13/Dec 14:30	Nov	0.5	-0.90
Import Prices MM	US	13/Dec 14:30	Nov	0.5	-0.90
Initial Jobless Claims	US	13/Dec 14:30	w/e	231	225

## NEWS AND STREET BUZZ

### Global Top News

- British Prime Minister Theresa May survived a confidence vote by the Conservative Party on Wednesday, but a mutiny by more than a third of her lawmakers indicated parliament was heading towards deadlock over Brexit.
- Asian shares and the pound moved higher on Thursday as investors breathed a sigh of relief after British Prime Minister Theresa May survived a no-confidence vote, and as China appeared to be taking more steps to meet U.S. demands to open its markets.
- China on Wednesday made its first major purchases of U.S. soybeans since President Donald Trump and his Chinese counterpart Xi Jinping struck a trade war truce earlier this month, providing some relief to U.S. farmers who have struggled to find buyers for their record-large harvest.
- The Dubai stock market rose sharply on Wednesday, boosted by blue chip Emaar Properties, while Egypt gained for a third straight day on rebounding bank shares.
- The United Arab Emirates and Saudi Arabia have started using fintech for cross-border settlements, including a digital currency which they jointly developed for that purpose, the UAE's central bank governor said on Wednesday.
- Dubai Aerospace Enterprise (DAE) said on Wednesday it signed a \$535 million four-year unsecured revolving credit facility, including the option to increase to \$600 million.
- Ajman, the smallest emirate in the seven-member UAE federation, plans to sell its first U.S. dollar-denominated bond next year, a government official told Reuters.
- Interbank rates in the United Arab Emirates have edged down in the last three months because of good liquidity in the money market, central bank chief Mubarak Rashed al-Mansoori said on Wednesday.
- The U.S. Treasury yield curve will invert next year, possibly within the next six months, much earlier than forecast just three months ago, with a recession to follow as soon as a year after that, a Reuters poll showed on Thursday.

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