

Market Commentary

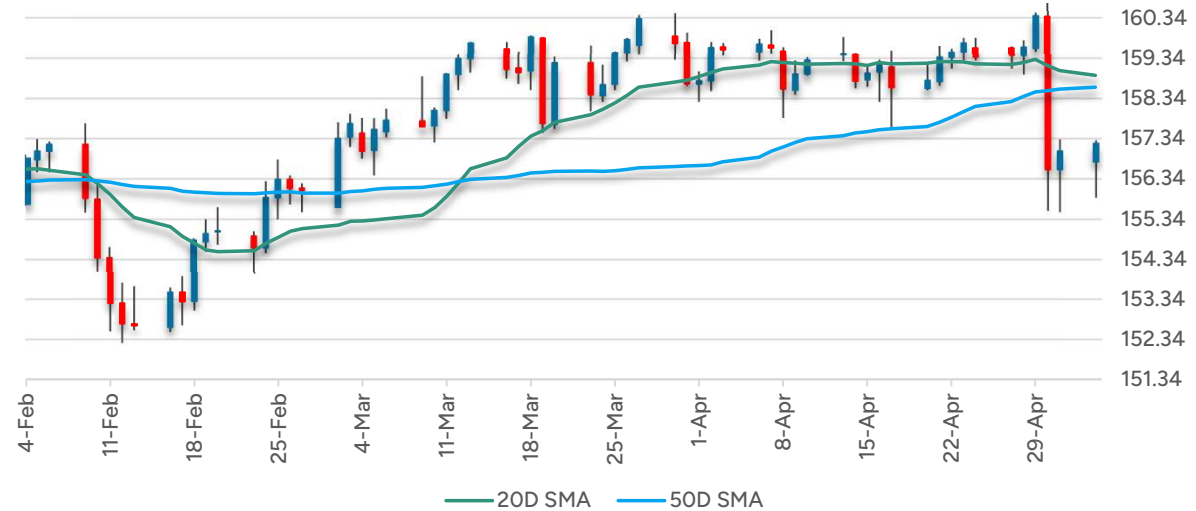
KFH Treasury

Report produced on
05-May-2026



Forex Market

JAPANESE YEN



CLOSE
157.22

1M %chg
-1.47%

3M %chg
0.12%

USD/JPY- At a standstill as fundamentals blunt intervention

05 May 2026 07:59:45 AM

- * USD/JPY steady in Asia after trading in a narrow 157.17-157.27 range
- * Holds below resistance at 157.30-35 which has rejected recovery attempts
- * Traders hesitant to bid up USD on suspicion Tokyo intervening at this level
- * But Iran war escalation, higher U.S. yields may force Japan rethink
- * Fading prospects of Fed rate cuts, elevated oil prices limit downside
- * Further resistance at 157.50, 158.00-10; support 156.80-85, 156.50-60
- * Strong base at 155.45-50, 61.8% Fibo of Jan-April rally and recent lows
- * Japanese markets closed Tuesday-Wednesday

EURO



CLOSE
1.1690

1M %chg
1.52%

3M %chg
-0.72%

EUR/USD remains soft as energy crisis fears linger

05 May 2026 07:10:50 AM

- * EUR/USD -0.05% Tue as Middle East war re-escalation continues to weigh
- * Iran attacks ships and UAE oil port, puts U.S.-Iran ceasefire in doubt
- * EUR break below 1.1650 support would trigger accelerated sell-off
- * U.S. Mar international trade value data and Apr PMIs due Tue
- * Euro zone Mar producer prices due Wed (poll +3.3% m/m, +1.8% y/y)
- * Range Asia 1.1680-9375, support 1.1650 1.1409, resistance 1.1850 1.1930

Forex Market



POUND STERLING



CLOSE

1.3531

1M %chg

2.59%

3M %chg

0.04%

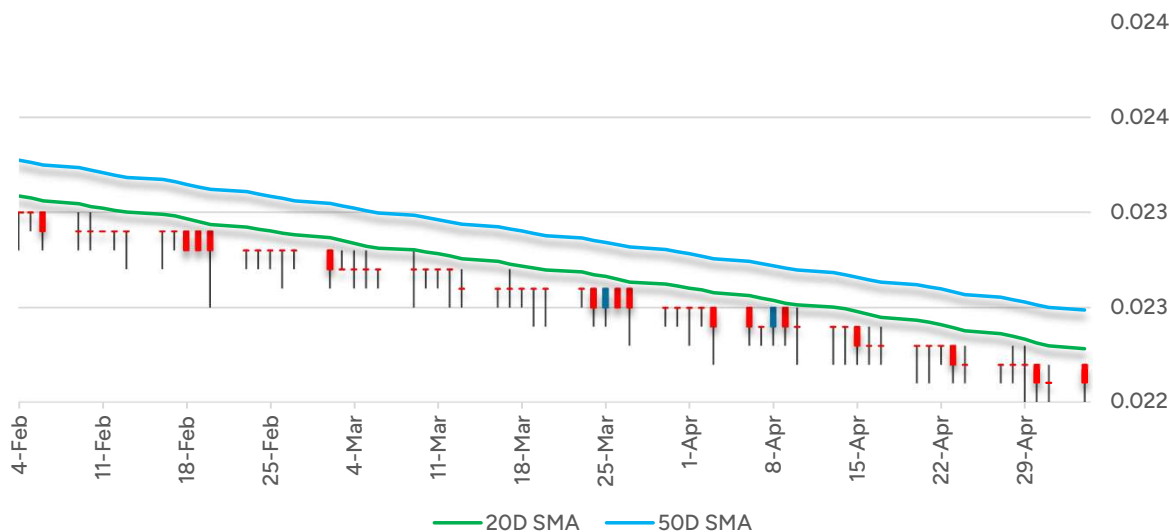
GBP/USD-Back in familiar territory as gains fade

05 May 2026 07:11:43 AM

- * GBP/USD steadies in Asia after declining 0.35% on Mon on Iran war escalation
- * Weighed down by risk aversion, elevated oil prices and higher U.S. yields
- * Pricing out of Fed rate cut bets in 2026 likely to limit GBP upside
- * Thursday's municipal elections in Britain will be key for GBP this week
- * Opinion polls point to heavy defeat for PM Keir Starmer's Labour Party
- * 1.3450-1.3650 range likely; Iran war, domestic politics key for direction
- * Support 1.3500-10, stronger at 1.3470-75, resistance 1.3570-75, 1.3600-05
- * Monday range 1.35135-1.3602, Asia range 1.35245-1.35307



TURKISH LIRA



CLOSE

0.0221

1M %chg

-1.34%

3M %chg

-3.91%

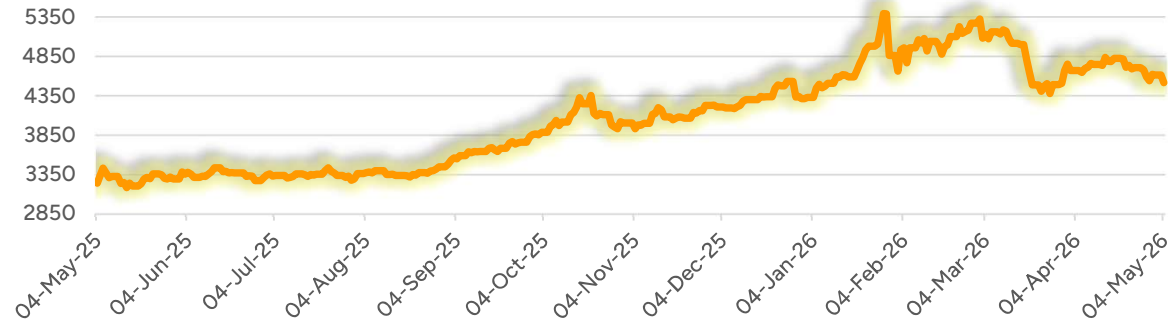
Turkey's April trade deficit narrows 29.8% to \$8.5 billion, trade ministry

04 May 2026 12:24:49 PM

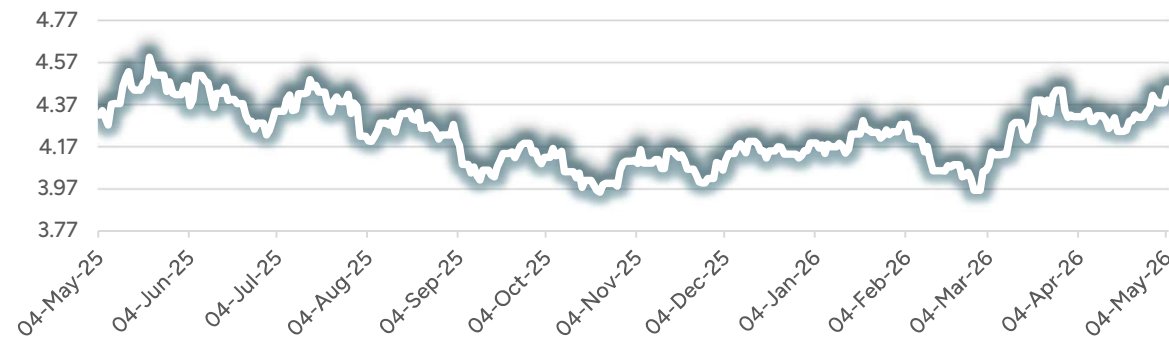
ISTANBUL, May 2 (Reuters) - Turkey's foreign trade deficit dropped by 29.8% year-on-year in April to \$8.5 billion, official data showed. Exports rose by 22.3% year-on-year to \$25.4 billion and imports rose 3.1% to \$33.91 billion in April, data from the Trade Ministry showed. Turkey's foreign trade deficit widened 7.4% in January-April to \$37.17 billion, data also showed.

Gold, US Treasury & Dollar Index

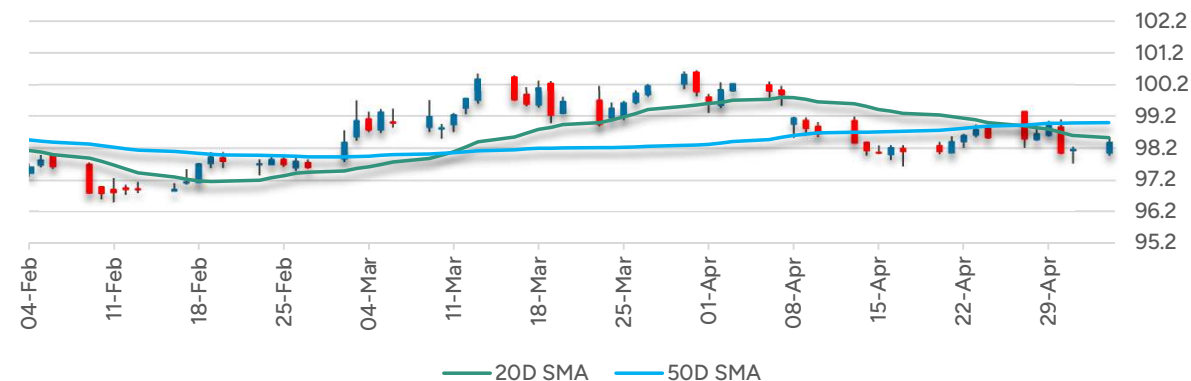
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.43

1M %chg

3.08%

3M %chg

5.61%

PRECIOUS-Gold rebounds from five-week low but inflation fears cap gains

05 May 2026 08:46:27 AM

May 5 (Reuters) - Gold prices edged higher on Tuesday from a five-week low hit in the previous session, although gains were limited as elevated crude oil prices kept inflation fears alive and clouded the U.S. interest rate outlook. Spot gold rose 0.3% to \$4,533.40 per ounce, after a more than 2% drop on Monday. U.S. gold futures for June delivery inched 0.2% higher to \$4,542.50. The dollar rose and Brent crude hovered above \$113 a barrel as the U.S. and Iran continued to work towards a truce while trading blows over the Strait of Hormuz. A stronger U.S. currency makes dollar-priced metals more expensive for holders of other currencies. Meanwhile, higher crude oil prices can stoke inflation, increasing the likelihood of higher interest rates. While gold is considered an inflation hedge, high interest rates make yield-bearing assets more attractive, weighing on its appeal. Spot silver was steady at \$72.73 per ounce, platinum gained 1% to \$1,964, and palladium was up 0.8% at \$1,492.27.

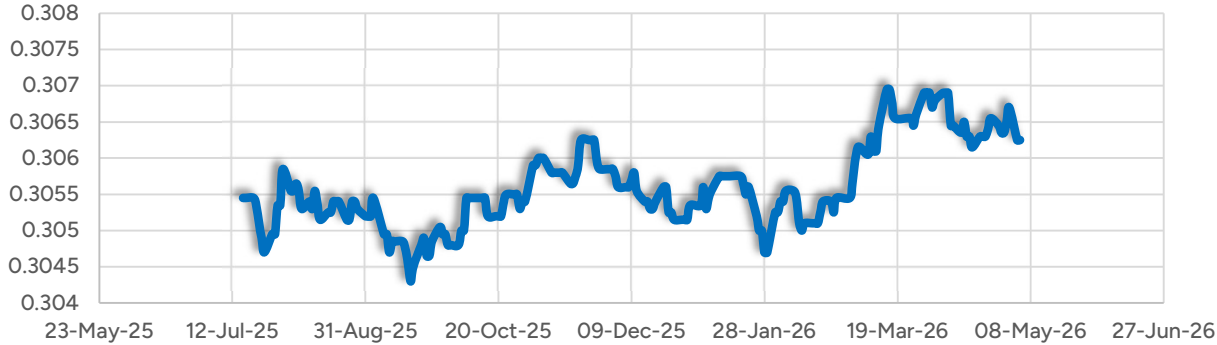
UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
New Home Sales-Units	US	05/May 17:00	Mar	0.587Mn	0.65Mn
HCOB - Composite Final PMI	EU	06/May 11:00	Apr	48.6	48.6
HCOB Services Final PMI	EU	06/May 11:00	Apr	47.4	47.4
Reserve Assets Total	GB	06/May 11:30	Apr	230292.26Mn\$	
S&P GLOBAL PMI: COMPOSITE - OUTP	GB	06/May 11:30	Apr	52	52
Monetary Base YY	JP	07/May 02:50	Apr	-11.56%	
S&P GLOBAL PMI: MSC COMPOSITE -	GB	07/May 11:30	Apr	49.9	
Initial Jobless Clm	US	07/May 15:30	W 02 May	189k	205k
Nat Gas-EIA Implied Flow	US	07/May 17:30	W 01 May	79Bn	
House Price Rightmove MM	GB	08/May 02:01	May	0.80%	
House Price Rightmove YY	GB	08/May 02:01	May	-0.90%	

Daily Market Report



KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1733	1.1756	1.168	1.169	-0.26%
GBP	1.3574	1.3602	1.3509	1.3531	-0.30%
JPY	156.77	157.3	155.87	157.22	0.12%
TRY	0.0222	0.0222	0.022	0.0221	0.00%
Dollar Idx	98.052	98.536	97.97	98.374	0.22%
Brent	106.6	115.3	105.55	114.44	5.80%
WTC	106.84	110.26	104.99	109.76	4.16%
Gold	4618.02	4628.79	4500.09	4520.3999	-2.02%
KWSE Index	8909.04	8921.98	8876.3	8893.29	-0.17%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.44	3M	3.56
SW	3.25	6M	3.75
1M	3.44	1Y	3.94

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

3M% CHG

0.30630

0.23%

POLICY RATES INDICATOR	As of	Value	Prior	Change
ON Repo Rate	11/Dec/'25	3.13	3.38	-0.25
1W Repo Rate	11/Dec/'25	3.38	3.63	-0.25
1M Repo Rate	11/Dec/'25	3.63	3.88	-0.25
KWD ON Rate	11/Dec/'25	10.00	10.00	0.00
Discount Rate	11/Dec/'25	3.50	3.75	-0.25

SOFR RATES

Tenor	Value	Tenor	Value
1M	3.65	6M	3.67
3M	3.66	1Y	3.73

OTHER C-BANK RATES

INDICATOR	As of	Value	Prior	Change
FED Target Rate	10/Dec/'25	3.75	4.00	-0.25
ECB Refinancing Rate	30/Apr/'26	2.15	2.15	0.00
BOE Bank Rate	00/Jan/'00	0.00	0.00	0.00
BOJ Prime Rate	10/Apr/'26	3.00	2.80	0.20
TRY ON Lending Rate	22/Jan/'26	40.00	41.00	-1.00

KEY INTERNATIONAL STORIES

US factory orders rise more than expected in March

May 4 (Reuters) - New orders for U.S. factory goods rose more than expected in March, led by surging demand for electronics products amid the artificial intelligence investment boom. Factory orders were up 1.5% on the month, the biggest gain since November, from an upwardly revised 0.3% in February, the Commerce Department's Census Bureau said on Monday. Economists polled by Reuters had predicted a 0.5% rise. Orders increased 3.7% on a year-over-year basis in March. Orders for durable goods rose 0.8%, as previously reported, while non-durable goods orders were up 2.1%.

Euro zone investor morale improves slightly in May, Sentix survey shows

BERLIN, May 4 (Reuters) - The Sentix index measuring investor morale in the euro zone improved slightly in May, indicating that investors do not expect a further escalation of the Iran conflict, but Germany bucked the trend with a further decline. The index rose to -16.4 points from -19.2 the month before, the survey showed on Monday, better than the forecast decline to -21.0, according to analysts polled by Reuters. The index for the German economy, Europe's largest, bucked the trend, falling to -30.9 from -27.7 in April. Expectations rose to -11.3 points from -15.5 the previous month.

Russia manufacturing contracts for 11th straight month in April, PMI shows

MOSCOW, May 4 (Reuters) - Russia's manufacturing sector contracted for the 11th month running in April as output and new orders fell again and employment posted its sharpest drop in four years, a business survey showed on Monday. The S&P Global Russia Manufacturing Purchasing Managers' Index (PMI) fell to 48.1 in April from 48.3 in March. The 50 mark separates growth from contraction. Output fell for the 14th straight month, with firms linking lower production to weak demand and reduced new order inflows. The pace of decline eased from March but remained solid overall.

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Australian job ads fall 0.8% m/m in April, ANZ-Indeed data shows

SYDNEY, May 4 (Reuters) - The number of Australian job advertisements fell in April, down for a second month, private-sector data showed on Monday, in a sign that labour demand could be starting to soften amid higher borrowing costs and geopolitical uncertainties. The number of job advertisements fell 0.8% in April from March, when they dropped an outsized 3.2%, according to data from Australia and New Zealand Banking Group and employment website Indeed. Ads were down 1.4% from April last year, but remained 12.5% above their decade-long averages. The decline was concentrated in restaurants and cafes.

Mexico inflation likely slowed in April, paving way for possible rate cut

MEXICO CITY, May 4 (Reuters) - Mexican inflation is expected to have eased in April, a Reuters poll showed on Monday, giving Mexico's central bank more room to cut its key interest rate this week and likely end a prolonged cycle of monetary easing. The median estimate from 12 analysts projected annual headline inflation falling to 4.50% in April, from 4.59% in March. The annual core inflation rate, considered a better measure of price trends because it excludes highly volatile items, is also estimated to have fallen to an estimated 4.27% from 4.45% last month. On a monthly basis, core prices were seen rising 0.31%.

Oil eases on signs US is loosening Iranian closure of Strait of Hormuz

May 5 (Reuters) - Oil prices eased more than 1% on Tuesday after climbing by as much as 6% in the previous session on signs the U.S. Navy is loosening Iran's grip on the Strait of Hormuz, potentially opening up supply from the Middle East. Brent oil futures for July fell \$1.22, or 1.1%, to \$113.22 per barrel after settling up 5.8% on Monday. U.S. West Texas Intermediate (WTI) crude fell \$2.02, or 1.9%, to \$104.40, after gaining 4.4% in the previous session. The U.S. is pushing to open Hormuz to ease a massive disruption to global energy supplies since Iran mostly shut the strait after the U.S. and Israel started the war on February 28.