

Market Commentary

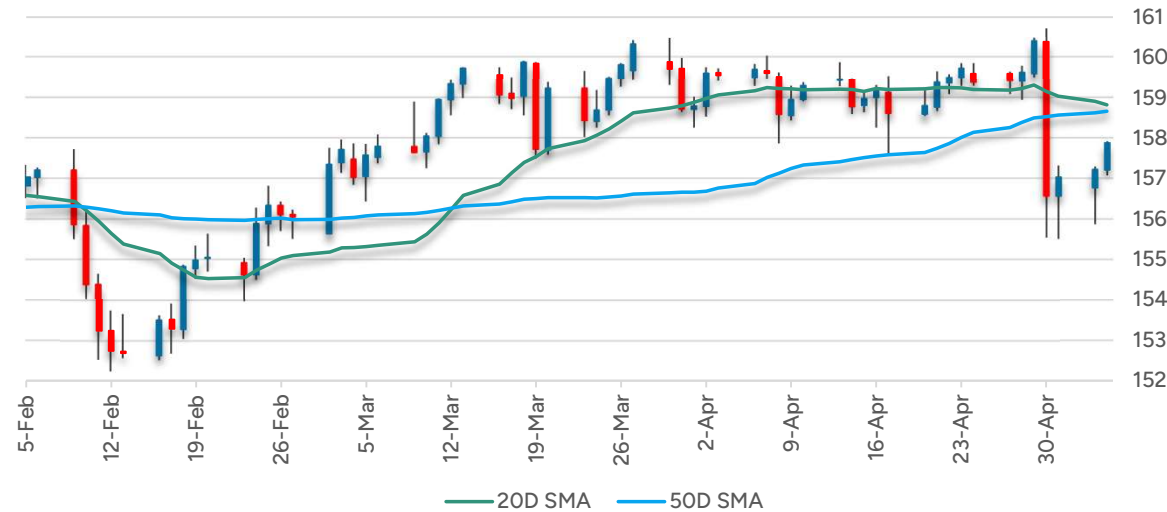
KFH Treasury

Report produced on
06-May-2026



Forex Market

JAPANESE YEN



CLOSE
157.87

1M %chg
-1.13%

3M %chg
0.43%

USD/JPY-Middle East peace hopes, intervention fears cap

06 May 2026 08:03:33 AM

- * USD/JPY -0.1% in Asia after Trump says great progress made towards Iran deal
- * Dropped from 157.93 early Asia high to 157.55 on broad USD decline, oil drop
- * Fading prospects of Fed rate cuts, robust U.S. economy lures dollar buyers
- * Rally to 157.87 follows but caution ahead of 158.00-10 resistance caps
- * Japan closed Wed but focus remains on any yen intervention by Tokyo
- * Resistance 158.00-10, 158.50; support 157.50-55, 157.30-35, 156.80-85

EURO



CLOSE
1.1692

1M %chg
1.31%

3M %chg
-1.05%

EUR/USD firms in Asia amid broad risk sentiment uptick

06 May 2026 07:17:48 AM

- * EUR/USD +0.2% Wed as U.S. 'Project Freedom' pause improves risk appetite
- * WTI -1.4% post-announcement, Trump claims great progress on peace deal
- * EUR moves clear of 1.1650 danger-zone, but topside progression difficult
- * Pair pushing upper hourly Bollinger band, slightly overbought short term
- * Euro zone Mar HCOB producer prices due Wed (poll +3.3% m/m, +1.8% y/y)
- * U.S. Apr non-farm payrolls due Fri, Reuters poll consensus +62k
- * Range Asia 1.1692-1.172525, support 1.1650 1.1409, resistance 1.1850 1.1930

Forex Market



POUND STERLING



CLOSE

1.3539

1M %chg

2.32%

3M %chg

-0.51%

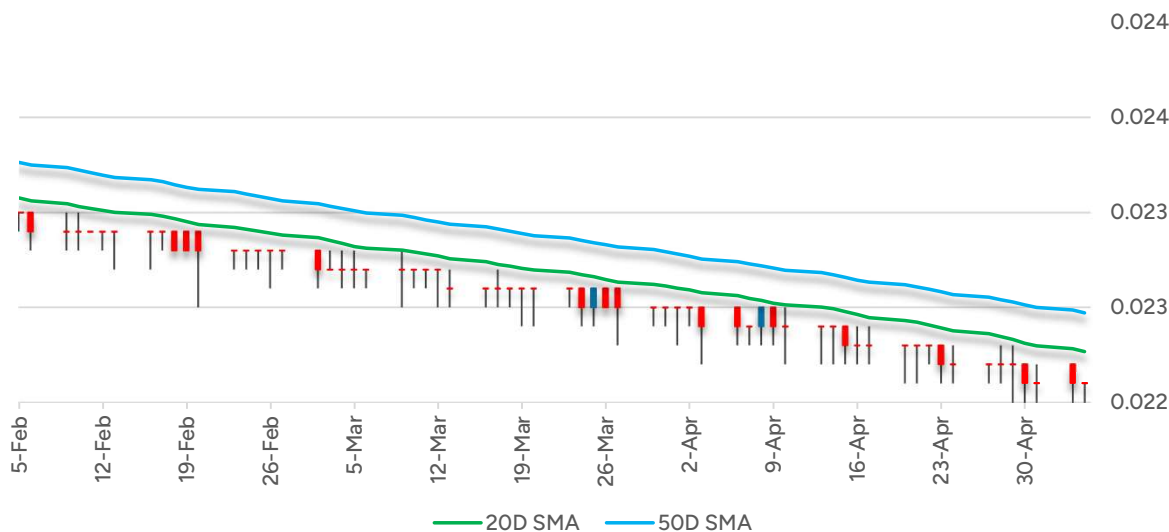
GBP/USD-Up on Iran hopes; looming UK local elections a risk

06 May 2026 07:35:12 AM

- * GBP/USD up 0.2% in Asia as dollar weakens on U.S.-Iran deal hopes
- * Trump pauses effort to escort ships in Hormuz, citing deal progress
- * WTI crude extends fall Wed, drops 1.3% after a 3.9% decline Tuesday
- * S&P futures up 0.25% but traders cautious ahead of Thu local elections
- * UK 30-year borrowing costs hit highest since 1998 before May 7 vote
- * Resistance 1.3580-85, 1.3600-05, 1.3625-30, support 1.3540, 1.3510-15
- * Tuesday range 1.3514-1.3579, Asia range 1.3541-1.3580



TURKISH LIRA



CLOSE

0.0221

1M %chg

-1.34%

3M %chg

-3.49%

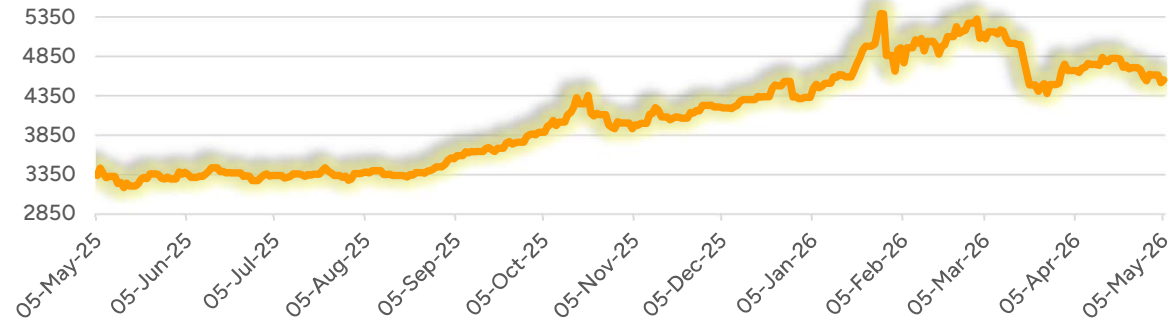
Turkish manufacturing contracts in April amid Iran war impact, PMI shows

04 May 2026 11:00:28 PM

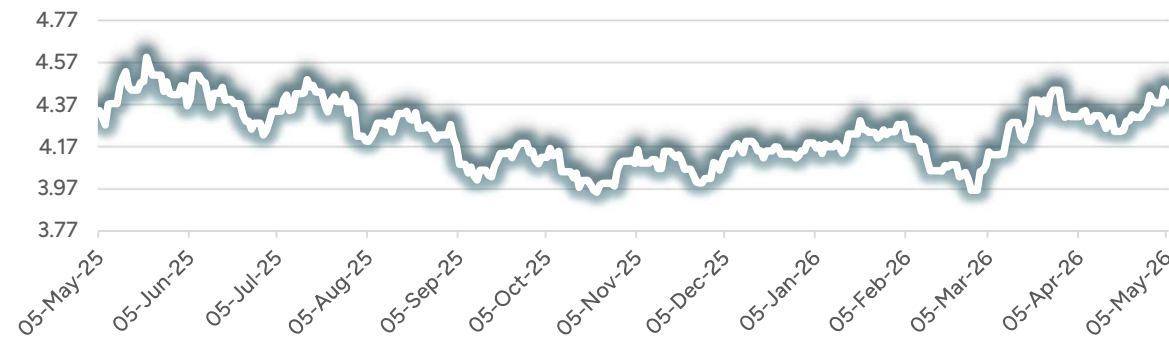
ISTANBUL, May 4 (Reuters) - Turkey's manufacturing sector contracted more sharply in April as the Iran war led to price rises, material shortages and weaker demand, a business survey showed on Monday. The Istanbul Chamber of Industry Turkey Manufacturing PMI, compiled by S&P Global, fell to 45.7 in April from 47.9 in March, sinking further below the 50 mark that separates growth from contraction. Manufacturing production was cut to the joint-steepest extent since the COVID-19 pandemic, while the decline extended to 25 straight months. Demand weakened further, the survey showed. Total new orders and export business both fell by much more than in March, while firms linked softer order inflows partly to mounting inflationary pressures.

Gold, US Treasury & Dollar Index

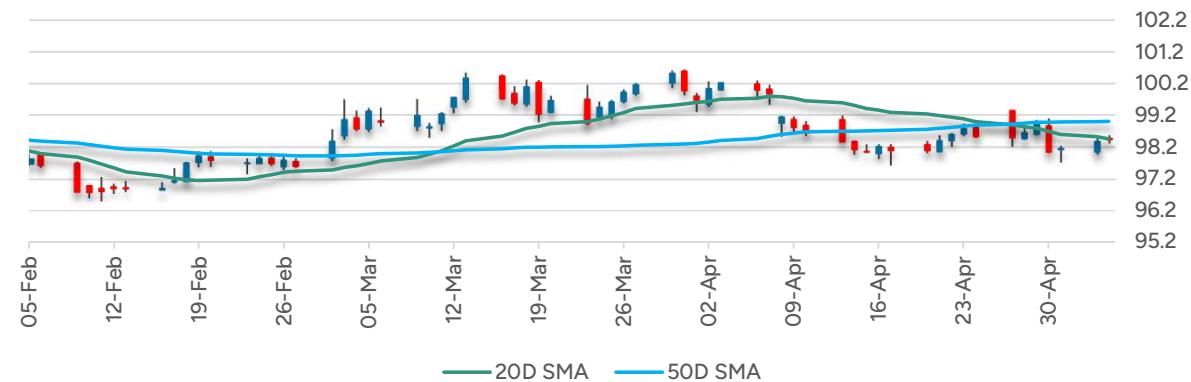
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.43

1M %chg

1.87%

3M %chg

4.99%

PRECIOUS-Gold jumps on weaker dollar, Middle East peace hopes

06 May 2026 08:27:00 AM

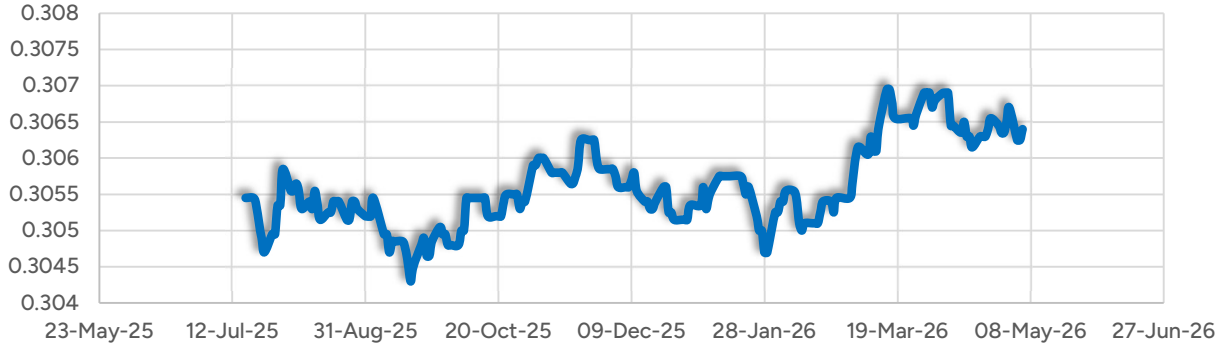
May 6 (Reuters) - Gold prices rose 2% on Wednesday, buoyed by a weaker dollar, while softer oil prices eased fears of inflation and higher-for-longer interest rates, amid hopes of a U.S.-Iran peace deal. Spot gold XAU= was up 2% at \$4,647.09 per ounce. U.S. gold futures GCcv1 for June delivery rose 2% to \$4,658. The U.S. dollar and crude oil prices eased after Trump indicated that a possible peace deal may be reached to end the war with Iran. Elevated 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. Investors await the U.S. non-farm payrolls release later this week, which will test whether the economy remains resilient enough to keep the Federal Reserve's monetary policy on hold. Spot silver XAG= rose 3.4% to \$75.62 per ounce.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
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%	
S&P Global Comp Op Final SA	JP	08/May 03:30	Apr	52.4	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1695	1.1713	1.1675	1.1692	0.02%
GBP	1.3533	1.3578	1.351	1.3539	0.06%
JPY	157.21	157.92	157.07	157.87	0.41%
TRY	0.0221	0.0221	0.022	0.0221	0.00%
Dollar Idx	98.466	98.579	98.311	98.444	0.07%
Brent	114.03	114.44	109.6	109.87	-3.99%
WTC	106.34	106.87	104.58	105.66	-3.74%
Gold	4520.9102	4586.38	4512.5757	4556.04	0.79%
KWSE Index	8898.89	8902.59	8865.64	8870.99	-0.25%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.44	3M	3.56
SW	3.25	6M	3.75
1M	3.44	1Y	4.00

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

0.30645

3M% CHG

0.28%

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	3.65	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	19/Jun/'25	4.25	4.25	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 new home sales increase in February and March; median price drops

WASHINGTON, May 5 (Reuters) - Sales of new U.S. single-family homes increased in February and March as the drag from harsh weather faded, but higher mortgage rates because of the impact of the war with Iran could limit further gains. New home sales surged 7.4% to a seasonally adjusted annualized rate of 682,000 units in March, the Commerce Department's Census Bureau said on Tuesday. Sales increased to a rate of 635,000 units in February from 583,000 units in January, when they were weighed down by winter storms.

Euro zone firms see new inflation surge if war lasts months, ECB poll shows

FRANKFURT, May 4 (Reuters) - Euro zone firms see the risk of a new inflation surge akin to that seen after the COVID-19 pandemic if the war in Iran lasts months, disrupting the supply of fuel, hydrogen and helium, a ECB survey showed. The ECB's quarterly survey of large companies found that those operating in air travel, logistics, chemicals, plastics and packaging industries had already raised their prices, often by double-digit percentages, or announced hikes, reflecting a surge in oil prices since the conflict started.

Canada's services PMI hits six-month high but sector remains in contraction

TORONTO, May 5 (Reuters) - The downturn in Canada's services economy eased in April as the level of new business increased despite concerns about tariffs and the war in the Middle East, S&P Global's Canada services PMI data showed on Tuesday. The headline Business Activity Index rose to 49.2 last month from 47.2 in March, marking the highest level since October. The S&P Global Canada Composite PMI Output Index rose to 49.9 in April from 47.6 in March as the decline in service sector activity was offset by an increase in manufacturing output.

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Australia's central bank raises rates 25bps to 4.35%

SYDNEY, May 5 (Reuters) - Australia's central bank raised its main cash rate for a third straight month as it battled to control a spike in inflation, and said it was now well placed to respond to the economic fallout from the conflict in the Middle East. Wrapping up its May policy meeting, the RBA hiked rates by 25 bps to 4.35%, matching the peak hit during the inflationary fallout from the pandemic. The board voted 8 to 1 for the increase, a change from March when it split 5-4. Markets had leaned toward a hike as a spike in global energy costs pushed up headline consumer prices and threatened to feed into inflation expectations.

Brazil's central bank warns of emerging inflation risks as Iran war drags on

BRASILIA, May 5 (Reuters) - The Brazilian central bank considered changing its view on inflation risk balance but ultimately maintained a level outlook despite the U.S.-Israeli war on Iran already raising inflation expectations, it said on Tuesday. The bank cut interest rates last week by 25 basis points for a second straight meeting to 14.5%, surprising some observers with the unchanged view on risk balance despite acting economic policy director Paulo Picchetti having said that he considered inflation risk to be more skewed than at the time of the March meeting.

Oil extends slide as Trump indicates possible Iran peace deal

SINGAPORE, May 6 (Reuters) - Oil prices fell for a second day on Wednesday on expectations bottled-up supply from the key Middle East producing region could resume flowing after U.S. President Donald Trump indicated a possible peace deal may be reached to end the war with Iran. Brent crude futures LCOc1 fell \$1.89, or 1.7%, to \$107.98 a barrel after dropping 4% in the previous session. U.S. West Texas Intermediate futures CLc1 eased \$1.83, or 1.8%, to \$100.44, after settling down 3.9% the day before. Crude stocks fell by 8.1 million barrels in the week ended May 1, the sources said.