

Market Commentary

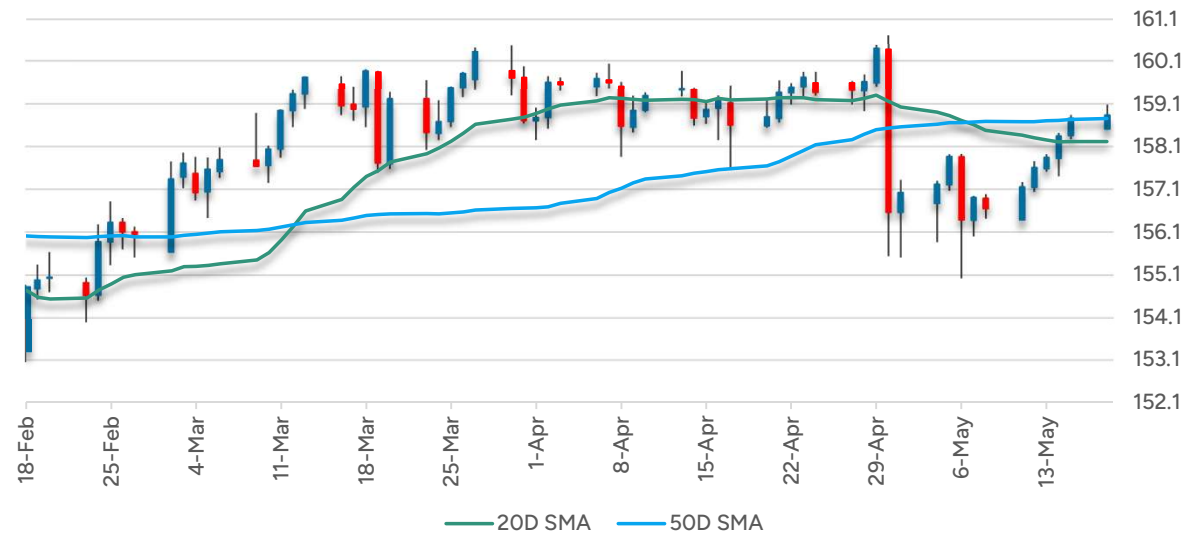
KFH Treasury

Report produced on
19-May-2026



Forex Market

JAPANESE YEN



CLOSE
158.83

1M %chg
0.14%

3M %chg
2.48%

USD/JPY still better bid, JPY crosses buoyant but quiet

19 May 2026 07:49:44 AM

- * USD/JPY still better bid, Asia 158.79-159.02 EBS, holding at recent highs
- * At top of 156.37-158.91 daily Ichimoku cloud, above 158.07-67 hourly cloud
- * Looking for direction, market wary of fresh MOF-ordered FX intervention
- * FinMin Katayama jaw-boning at Paris G7 taken with grain of salt
- * JGB-US Treasury rate differentials narrowing? In 2s @263 bps from 268 o/n
- * Still wider than heretofore and likely still USD supportive
- * In option expiries, only massive below between 156.95-157.00, 157.35-50
- * JPY crosses mostly buoyant and in stasis near recent highs
- * EUR/JPY 185.13-18 EBS, near top of 184.16-185.12 daily cloud, 100-DMA 184.31

EURO



CLOSE
1.1655

1M %chg
-0.91%

3M %chg
-0.99%

EUR/USD-Bulls win the day

18 May 2026 10:05:07 PM

- * NY opened near 1.1625 after 1.1608 traded overnight, rally extended in NY
- * 1.1657 hit early NY as USD, US yields US2YT=RR, oil LCOc1 traded downward
- * USD/CNH drop toward 6.7980, gains in gold, silver also helped the pair rally
- * Yields, USD & oil then firmed, EUR/USD slid to 1.1634 then neared 1.1650 late
- * EUR/USD was up +0.20% late in the day & daily techs flashed warnings to bears
- * RSI diverged on the 1-1/2-month low & EUR/USD pierced the 55-DMA

Forex Market



POUND STERLING



CLOSE

1.3433

1M %chg

-0.60%

3M %chg

-0.22%

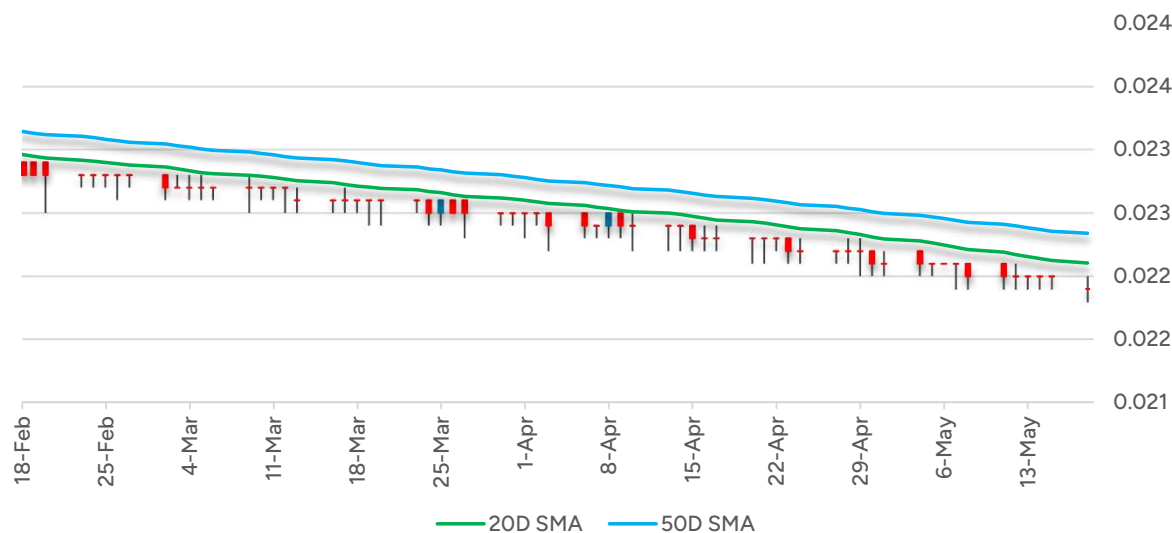
GBP/USD-Eases after strong rally as oil prices stay elevated

19 May 2026 07:43:32 AM

- * GBP/USD down 0.15% in Asia after closing 0.83% higher Mon on profit-taking
- * Capped by elevated oil prices and Treasury yields on Iran war uncertainty
- * WTI crude hovers near a 2-week high, U.S. 10-yr yield holds near 1-year high
- * Trump signals Iran nuclear deal may be possible, markets remain skeptical
- * GBP rally from 5-week low on Mon corrective as UK political concerns persist
- * UK jobs data Tue, inflation data Wed seen as key for BoE rate expectations
- * Former lows at 1.3450-60 is now strong resistance; more at 1.3480, 1.3500
- * Support 1.3380, 1.3350, 1.3300; ranges Mon 1.3304-1.3449, Asia 1.3412-1.3435



TURKISH LIRA



CLOSE

0.0219

1M %chg

-1.79%

3M %chg

-3.95%

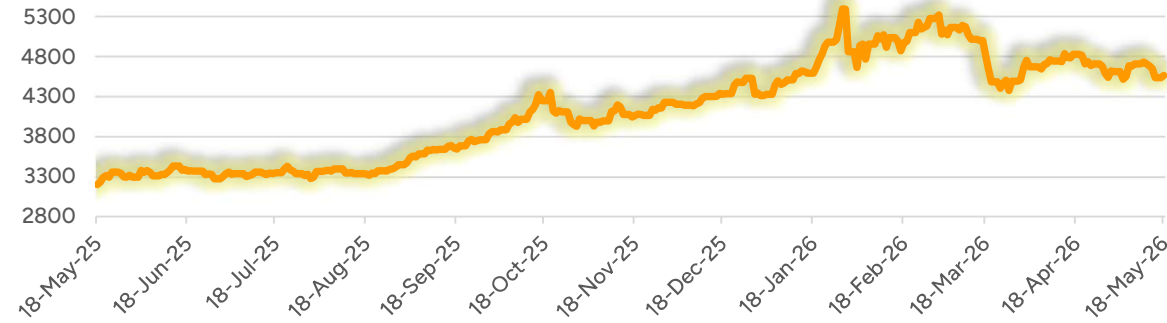
Turkey cenbank raises end-2026 inflation target to 24%, end-2027 target 15%

14 May 2026 12:04:52 AM

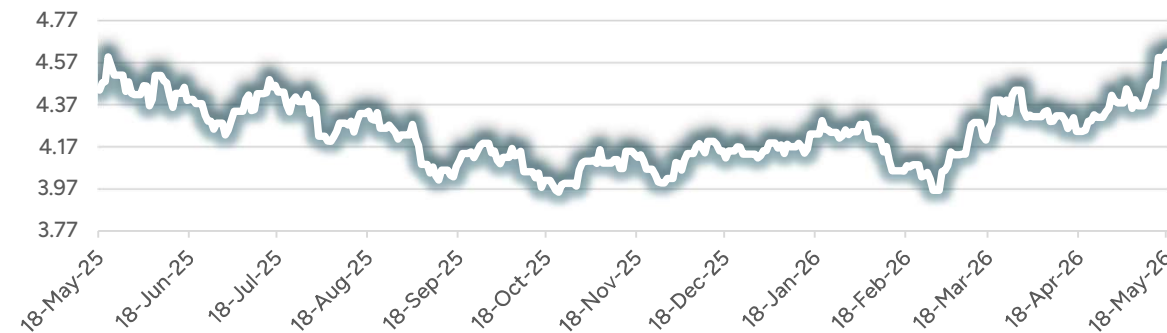
ISTANBUL, May 14 (Reuters) - Turkey's central bank raised its end-2026 interim inflation target to 24% from 16% and lifted its end-2027 target to 15% from 9%, Governor Fatih Karahan said on Thursday. Presenting the central bank's quarterly inflation report in Istanbul, Karahan said the bank set its end-2028 interim target at 9%.

Gold, US Treasury & Dollar Index

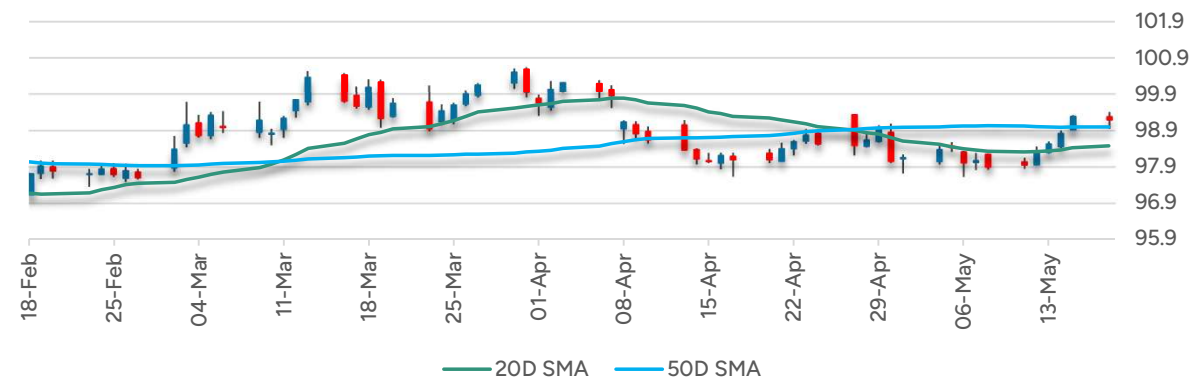
GOLD



10Y US-TREASURY



DOLLAR INDEX



US 10YT YIELD

4.59

1M %chg

8.14%

3M %chg

12.62%

PRECIOUS-Gold steadies with MidEast conflict in focus after Trump pauses strike

19 May 2026 07:16:19 AM

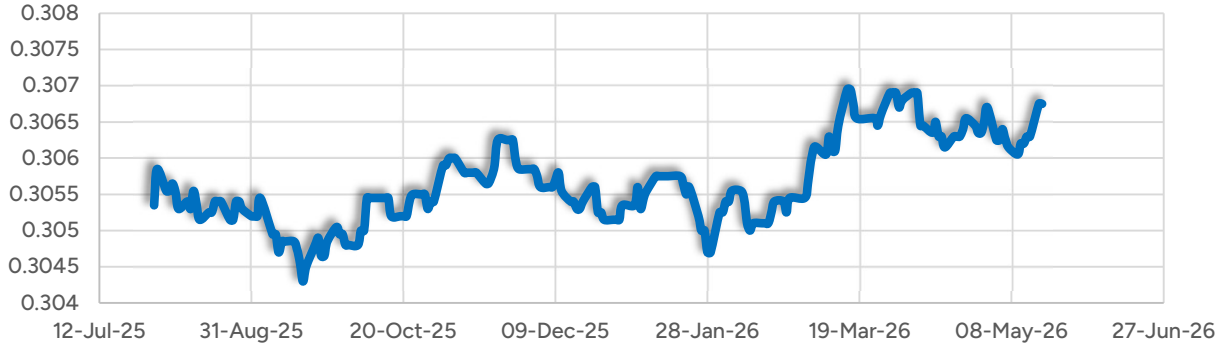
May 19 (Reuters) - Gold prices were largely steady on Tuesday, as investors took a breather after recent volatility while focusing on developments surrounding the Middle East conflict after U.S. President Donald Trump paused a planned attack against Iran. Spot gold fell 0.1% to \$4,560.39 per ounce, after hitting its lowest level since March 30 on Monday. U.S. gold futures for June delivery gained 0.1% to \$4,563.50. Investors expect the minutes, due on Wednesday, to offer fresh clues on the U.S. central bank's monetary policy path. Gold prices extended fall on Monday from the session before to hit a more than one-month low, as mounting inflation fears triggered a rout in the global bond market. Bullion later in the day recovered to close slightly higher. Oil prices fell more than 2%, easing some inflation fears. Gold is considered a hedge against inflation, though higher interest rates tend to weigh on the non-yielding metal. Spot silver fell 1.3% to \$76.63 per ounce, platinum lost 0.5% to \$1,969.84, and palladium dropped 1.2% to \$1,401.74.

UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
GDP QQ	JP	19/May 02:50	Q1 2026	0.30%	0.40%
GDP QQ Annualised	JP	19/May 02:50	Q1 2026	1.30%	1.70%
GDP QQ Capital Expend.	JP	19/May 02:50	Q1 2026	1.30%	0.20%
GDP QQ External Demand	JP	19/May 02:50	Q1 2026	0.00%	0.20%
GDP QQ Pvt Consmp Prelim	JP	19/May 02:50	Q1 2026	0.30%	0.20%
Tertiary Ind Act NSA	JP	19/May 07:30	Mar	-0.70%	
Claimant Count Unem Chng	GB	19/May 09:00	Apr	26.8k	
HMRC Payrolls Change	GB	19/May 09:00	Apr	-11k	
ILO Unemployment Rate	GB	19/May 09:00	Mar	4.90%	4.90%
Total Trade Balance SA	EU	19/May 12:00	Mar	7Bn€	
Reuters Tankan N-Man Idx	JP	20/May 02:00	May	31	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1624	1.166	1.1607	1.1655	0.26%
GBP	1.3315	1.3449	1.33	1.3433	0.84%
JPY	158.51	159.08	158.5	158.83	0.04%
TRY	0.0219	0.022	0.0218	0.0219	-0.45%
Dollar Idx	99.278	99.409	98.944	99.193	-0.09%
Brent	109.75	112.72	106.87	112.1	2.60%
WTC	108.69	112.97	106.15	112.25	2.99%
Gold	4529.42	4583.94	4479.5449	4565.9819	0.62%
KWSE Index	8710.8	8718.16	8669.14	8681.09	-0.20%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.50	3M	3.56
SW	3.25	6M	3.81
1M	3.44	1Y	4.00

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

0.30680

3M% CHG

0.44%

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	3.61	6M	3.68
3M	3.64	1Y	3.79

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	08/May/'26	3.05	3.00	0.05
TRY ON Lending Rate	22/Jan/'26	40.00	41.00	-1.00

KEY INTERNATIONAL STORIES

US home builder sentiment ticks up in May but broad pessimism remains prevalent

May 18 (Reuters) - U.S. home builder sentiment unexpectedly improved in May, but construction firm attitudes about the housing market remain subdued as the war in Iran stokes inflation pressures that are elevating everything from building material prices to buyers' mortgage rates. The National Association of Home Builders/Wells Fargo Housing Market index rose to 37 this month from 34 in April, the 25th straight month has held below the break-even point of 50. Economists polled by Reuters had forecast the index would be unchanged at last month's seven-month low of 34.

UK employers focus on cost management with confidence near record low

LONDON, May 18 (Reuters) - British employers are prioritising cost management over growth with their confidence close to a record low and their staff are likely to see inflation eat into their pay in the year ahead, according to a survey published on Monday. Planned pay awards were mostly around 3% for the next 12 months, unchanged from levels over the past two years but below forecasts for a rise in inflation. The CIPD survey of 2,049 employers was conducted, before heavy losses in local and regional elections for Prime Minister Keir Starmer's Labour Party this month increased pressure on him to resign.

Australia's property tax overhaul unpopular with voters, polls show

SYDNEY, May 18 (Reuters) - Australia's centre-left government is facing voter blowback after breaking election promises to roll out the biggest changes to investment taxes in decades in its latest budget, according to two closely watched polls. A Newspoll survey conducted after the budget's release found 47% of voters believed it would be bad for the economy. The budget had a minus 25 net approval rating and was the most unpopular in decades, the poll, which surveyed 1,252 voters, said. Support flowed to One Nation, up 2 points to 24%.

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China's economy loses steam at start of Q2 as consumption, output disappoint in April

BEIJING, May 18 (Reuters) - China's growth lost momentum in April, with industrial output cooling and retail sales sinking to over three-year lows as the world's second-biggest economy wrestled with higher energy costs from the Iran war and persistently weak domestic demand. Factory output grew 4.1% from a year earlier last month, compared with a 5.7% rise in March, data from the National Bureau of Statistics (NBS) showed on Monday, missing a Reuters poll forecast for 5.9% growth and marking the slowest growth since July 2023. Retail sales, rose just 0.2% in April, cooling sharply from 1.7% in March.

Brazil lifts inflation outlook on oil shock, sees shallower rate-cut cycle

BRASILIA, May 18 (Reuters) - Brazil's Finance Ministry on Monday sharply raised its inflation forecast for this year to 4.5% from the 3.7% projected in March, citing the impact of the Middle East conflict on oil and fuel prices and foreseeing a more modest monetary easing cycle. Inflation is now seen at the top of the central bank's official target range, centered at 3% with a tolerance of 1.5 percentage points on either side. According to the ministry's economic policy secretariat, the average oil price estimate for 2026 has risen 25% since its last forecast two months ago, to \$91.25 per barrel this year.

Oil falls 2% as Trump holds off scheduled attack on Iran

May 19 (Reuters) - Oil prices fell 2% on Tuesday in early Asian trade after U.S. President Donald Trump said he had paused a planned attack on Iran to allow for negotiations to end the war in the Middle East. Brent futures for July delivery fell \$2.26, or 2%, to \$109.84 a barrel, while U.S. West Texas Intermediate crude for June delivery fell \$1.22, or 1.1%, to \$107.44. In the previous session, the benchmarks hit their highest levels since May 5 and April 30, respectively. The June WTI contract expires on Tuesday, while the most active July contract fell \$1.63 or 1.6% to \$102.75 per barrel.