

Market Commentary

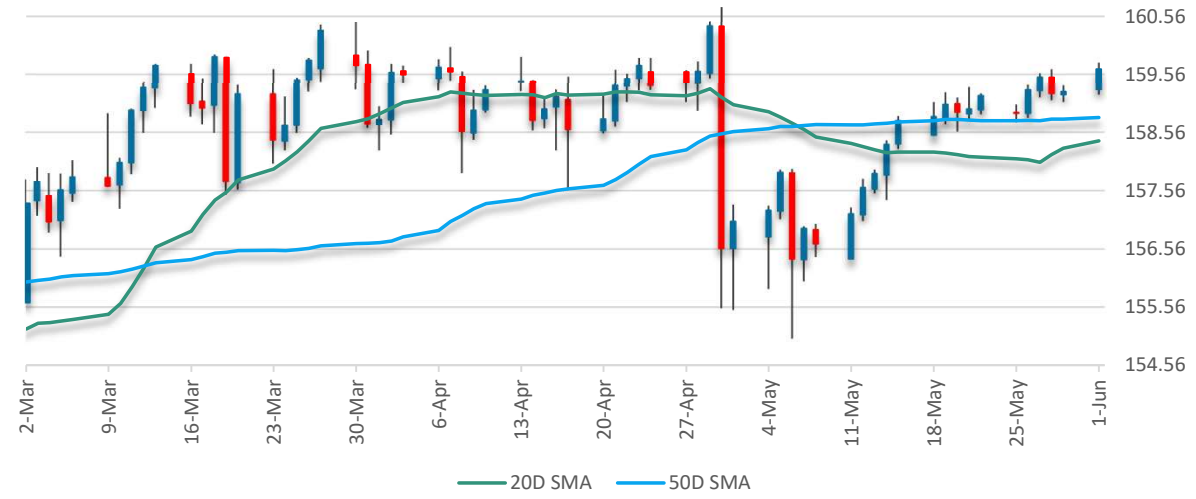
KFH Treasury

Report produced on
02-Jun-2026



Forex Market

JAPANESE YEN



CLOSE
159.65

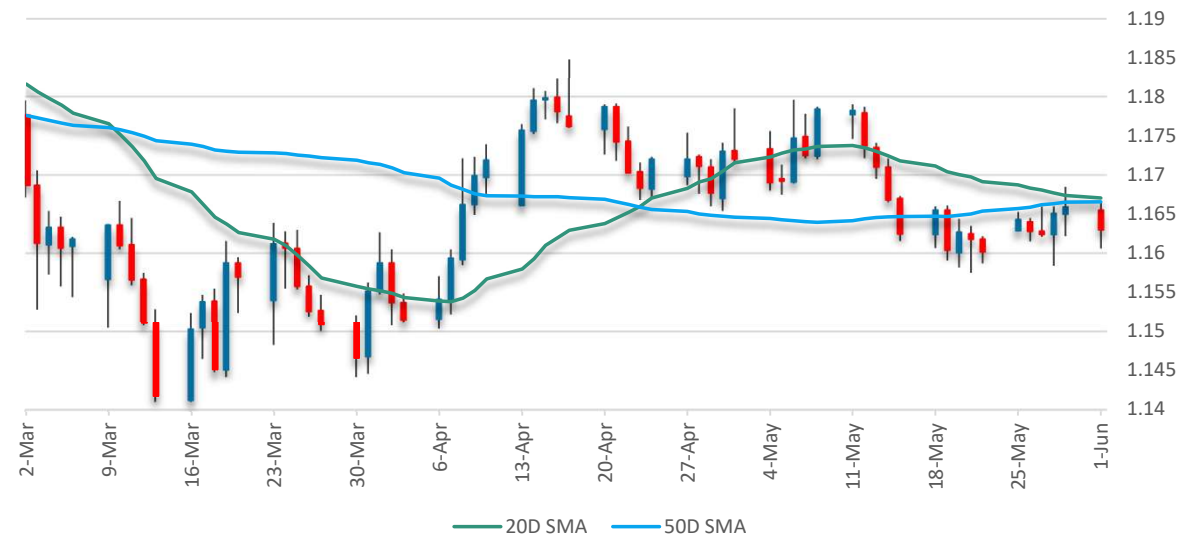
1M %chg
1.67%

3M %chg
1.47%

JPY mixed in lazy Asia trade as US-Iran weighs on risk
02 Jun 2026 07:24:18 AM

- * JPY pairs mixed in lazy Asia trading as US-Iran impasse continues
- * Risk sentiment more off than on in Asia on Middle East, other factors
- * USD/JPY 159.60-73 EBS, holding in higher range
- * Upside limited on Japan FX intervention threat but demand unwavering
- * Japanese importers, foreign investor equity hedges, specs on bid still
- * EUR/JPY indicated 185.77-78 EBS, buoyant, in 184.39-185.78 daily Ichi cloud
- * Some option expiries today at 185.90 strike just above
- * CHF/JPY on heavy side, 202.64-203.04, down from 204.18 high Friday
- * GBP/JPY better bid, 214.58-98 after 214.99 high yesterday

EURO



CLOSE
1.1630

1M %chg
-0.77%

3M %chg
-0.49%

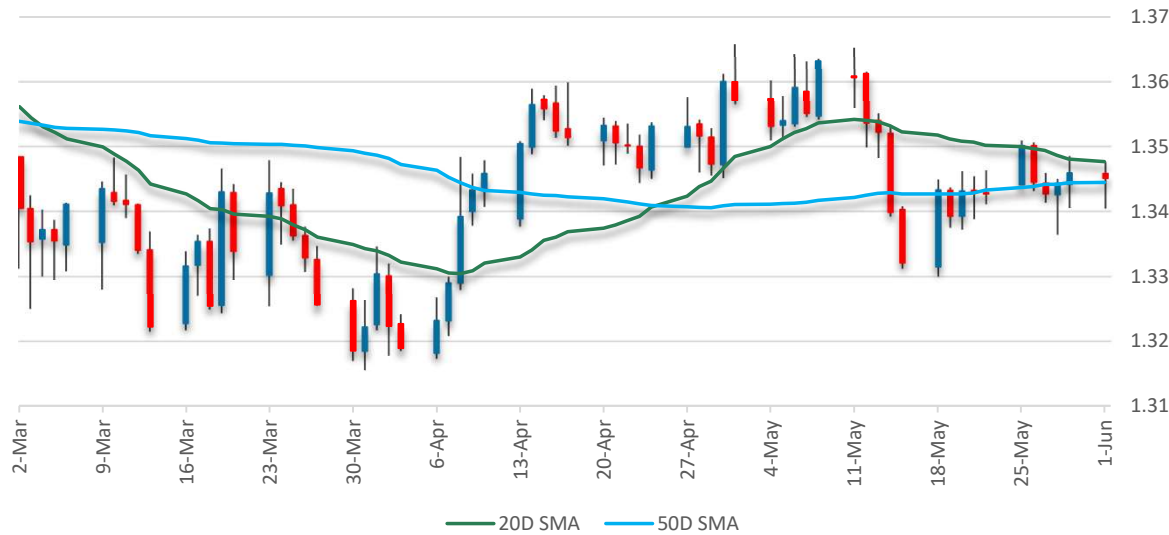
EUR/USD on heavy side in Asia, EUR crosses mixed
02 Jun 2026 07:08:13 AM

- * EUR/USD heavy in Asia, 1.1629-36 EBS in sleepy trading
- * Back below daily Ichimoku cloud between 1.1644-1.1702
- * Also mostly below hourly Ichimoku cloud between 1.1636-56
- * 100-HMA in cloud at 1.1638 above, 200-HMA in area of spot at 1.1631
- * Middle East impasse a drag on EUR/USD despite ECB rate hike expectations
- * In options, expiries today on 1.15 total E2.5 bln, 1.1600-30 E3.1 bln
- * Between 1.1640-95 total E2.9 bln and massive E12.1 bln up on 1.17
- * Option expiries today again look to contain spot action
- * EUR/GBP heavy too, 0.8644-45, range since May 25 0.8619-0.8681

Forex Market



POUND STERLING



CLOSE
1.3451

1M %chg
-0.89%

3M %chg
0.34%

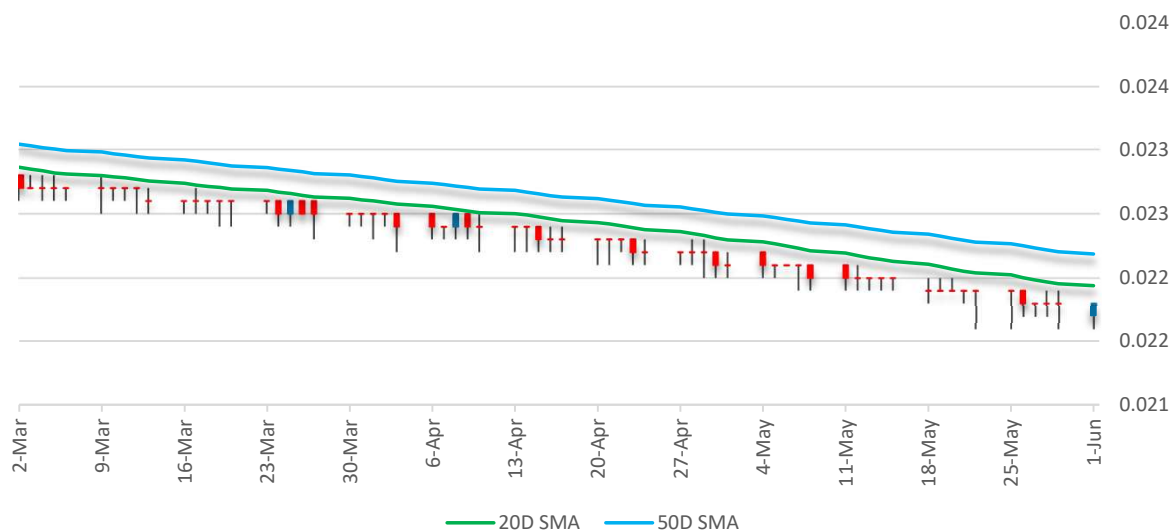
GBP/USD-Steady as markets await Iran breakthrough

02 Jun 2026 07:52:12 AM

- * GBP/USD unchanged in Asia as Iran impasse forces traders to the sidelines
- * Conflicting reports on Iran talks, fragile Lebanon ceasefire dents risk
- * Wall Street futures sag; Nasdaq futures down 0.7%, Nikkei down 1.7%
- * BoE Governor Bailey speaks to House of Lords Economic Affairs Committee Tue
- * Has signaled no need to act quickly on inflation jump
- * Consolidation in a broad 1.3350-1.3500 range likely to continue
- * Support 1.3400-05, 1.3370-75, resistance 1.3470-80, 1.3500
- * Monday range 1.3407-1.34755; Asia 1.34515-1.3459



TURKISH LIRA



CLOSE
0.0218

1M %chg
-1.36%

3M %chg
-3.96%

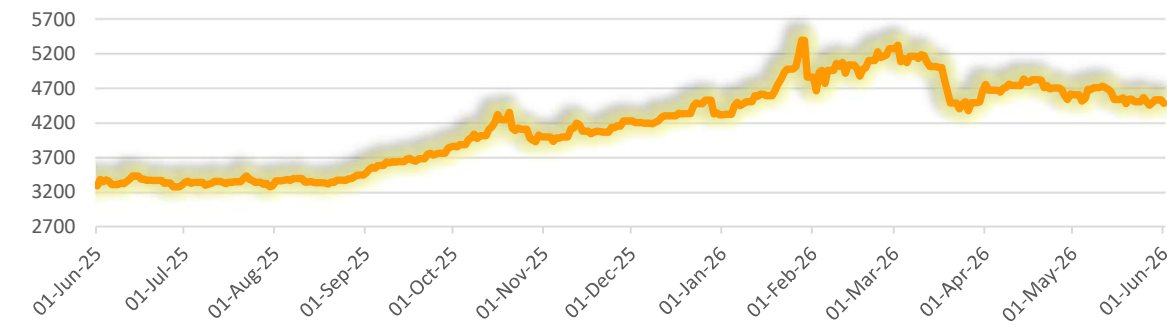
Turkey - Factors to Watch

02 Jun 2026 08:17:54 AM

ISTANBUL, June 2 (Reuters) - The lira was quoted at 45.9150-45.9400 against the U.S. dollar, compared with a close of 45.9025 on Monday. The BIST 100 index closed 0.30% higher at 13,703.96 points on Monday.

Gold, US Treasury & Dollar Index

GOLD



US 10YT YIELD

4.46

1M %chg

1.76%

3M %chg

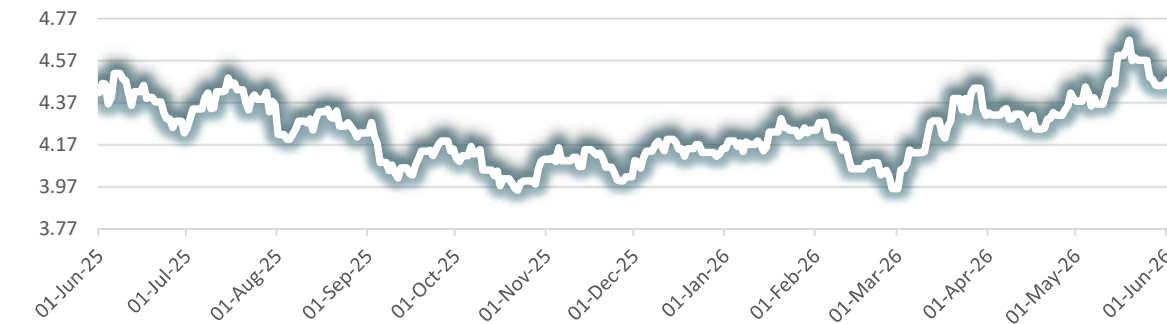
9.95%

PRECIOUS Gold edges higher on easing Treasury yields amid Mideast uncertainty

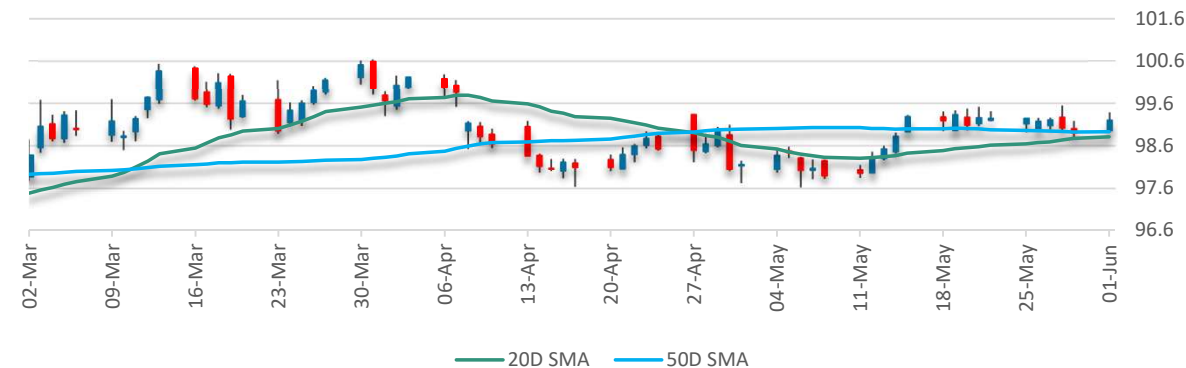
02 Jun 2026 08:41:02 AM

June 2 (Reuters) - Gold edged higher on Tuesday, supported by lower Treasury yields and a partial ceasefire between Hezbollah and Israel, while investors awaited details on the status of U.S.-Iran peace talks amid conflicting news. Spot gold rose 0.5% to \$4,507.56 per ounce. U.S. gold futures for August delivery gained 0.7% to \$4,538. Investors are now awaiting the U.S. nonfarm payrolls and employment reports, both due later in the week, to assess resilience in the labour market amid mounting concerns about inflation due to the Middle East conflict. Also in focus are remarks from Federal Reserve policymakers, including Cleveland Fed President Beth Hammack and Fed Governor Michael Barr, to gauge the future monetary policy path. Among other metals, spot silver rose 0.9% to \$75.49 per ounce, platinum gained 1.3% to \$1,947.95 and palladium inched 0.3% higher to \$1,366.37.

10Y US-TREASURY



DOLLAR INDEX

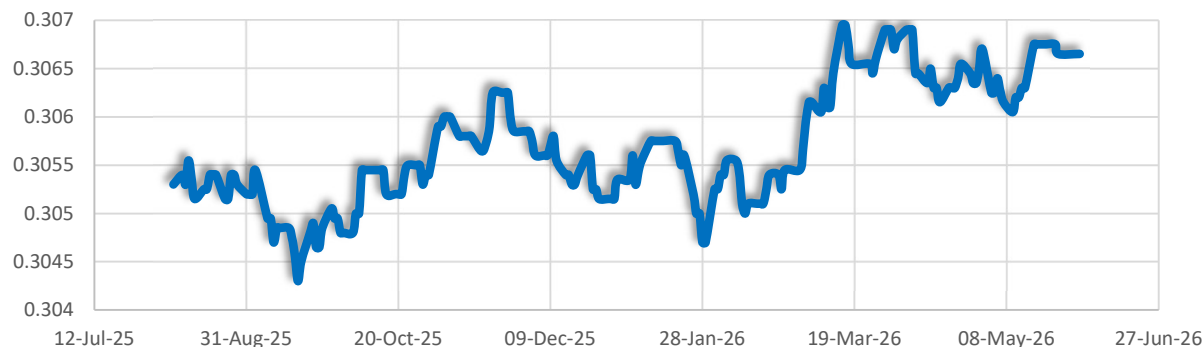


UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
Monetary Base YY	JP	02/Jun 02:50	May	-11.27%	
HICP Flash YY	EU	02/Jun 12:00	May	3.00%	3.20%
HICP-X F, E, A, T Flash MM	EU	02/Jun 12:00	May	0.90%	
HICP-X F,E,A&T Flash YY	EU	02/Jun 12:00	May	2.20%	2.40%
S&P Global Comp Op Final SA	JP	03/Jun 03:30	May	51.1	
S&P Global SVC PMI Final SA	JP	03/Jun 03:30	May	50	
HCOB - Composite Final PMI	EU	03/Jun 11:00	May	47.5	47.5
HCOB Services Final PMI	EU	03/Jun 11:00	May	46.4	46.4
Reserve Assets Total	GB	03/Jun 11:30	May	226610.17Mn\$	
S&P GLOBAL PMI: COMPOSITE - OUTP	GB	03/Jun 11:30	May	48.5	48.5
S&P GLOBAL PMI: MSC COMPOSITE -	GB	04/Jun 11:30	May	51.5	

Daily Market Report

KWD - CBK FIX



MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.1655	1.1665	1.1606	1.163	-0.25%
GBP	1.3458	1.3476	1.3404	1.3451	-0.06%
JPY	159.3	159.76	159.21	159.65	0.24%
TRY	0.0217	0.0218	0.0216	0.0218	0.00%
Dollar Idx	98.957	99.385	98.919	99.201	0.30%
Brent	92.58	97.79	92.2	94.98	3.18%
WTC	93.73	98.53	93.02	95.96	5.27%
Gold	4517.91	4545.36	4445.75	4483.29	-1.16%
KWSE Index	8829.96	8841.45	8755.47	8760.57	-0.62%

KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.38	3M	3.63
SW	3.25	6M	3.75
1M	3.44	1Y	4.00

CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

0.30670

3M% CHG

0.33%

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	3.62	6M	3.71
3M	3.66	1Y	3.84

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	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 manufacturing activity scales four-year high in May, ISM says

WASHINGTON, June 1 (Reuters) - U.S. manufacturing activity increased more than expected in May, hitting the highest level in four years, likely driven by businesses front-loading orders amid rising prices and shortages because of the war with Iran. The Institute for Supply Management said on Monday its manufacturing PMI advanced to 54.0 last month, the highest reading since May 2022, from 52.7 in April. A reading above 50 indicates expansion in manufacturing, which accounts for 9.4% of the economy. Economists polled by Reuters had forecast the PMI rising to 53.

UK public inflation expectations ease further in May from March's Iran shock, survey shows

LONDON, June 1 (Reuters) - The British public's expectations for future inflation softened in May after hitting the highest since 2023 in March, offering the Bank of England some comfort that the price shock from the Iran war may have less of a lasting impact than first thought. Households' expectations for inflation in one year's time fell to 4.7% in May from 5.0% in April and a peak of 5.4% in March, according to a monthly survey for U.S. bank Citi by polling company YouGov. Longer-term inflation expectations - which the BoE views as a guide to how hard it will be to navigate inflation back to its 2% target.

German finance ministry says infrastructure spending needs to speed up

BERLIN, June 1 (Reuters) - Germany's €500 billion infrastructure and climate fund is already supporting economic growth, but the pace of implementation must increase after spending fell short of plans, according to a report by the finance ministry sent to the budget committee on Monday. Last year, the fund was supposed to disburse €37.2 billion but instead spent only 24 billion euros, according to the first monitoring report on the special fund. Of 107 planned "milestones" for 2026, it had achieved only 26 by the end of May. The fund, designed to finance infrastructure and climate-neutrality projects over 12 years.

China May factory activity expands for sixth month as price pressures ease, private PMI shows

BEIJING, June 1 (Reuters) - China's manufacturing sector expanded for a sixth straight month in May, although at a slower pace, as output and new orders remained solid and price pressures eased, a private survey showed on Monday. The RatingDog China General Manufacturing Purchasing Managers' Index (PMI), compiled by S&P Global, fell to 51.8 in May from 52.2 in April, but was slightly above analysts' forecast of 51.6. The 50-mark separates growth from contraction. The reading was better than an official survey published on Sunday showing factory activity stalled in May, dropping to 50 from 50.3 in April.

Mexico analysts see slightly higher inflation, lower growth

MEXICO CITY, June 1 (Reuters) - Private sector analysts polled by Mexico's central bank slightly raised nearly all forecasts for inflation this year and next, while trimming their economic growth estimates, the bank said on Monday. While headline inflation this year is now expected at 4.35%, down from the previous month's estimate of 4.38%, analysts upped their forecasts for headline inflation next year and core inflation for this year and next. Analysts do not foresee the Bank of Mexico making any more adjustments to the benchmark interest rate from the current 6.50% through the end of next year.

Oil steadies as uncertainty over US-Iran talks keeps markets on edge

June 2 (Reuters) - Oil prices held on to most of the previous session's sharp gains in early trade on uncertainty over the status of ceasefire talks between the United States and Iran and the potential reopening of the Strait of Hormuz. U.S. President Donald Trump said on Monday talks with Iran were ongoing, while Tasnim news agency reported that Tehran had suspended indirect negotiations with Washington. Brent crude futures inched up 6 cents, or 0.06%, to \$95.04 a barrel, while U.S. West Texas Intermediate fell 17 cents, or 0.18%, to \$91.99 a barrel. U.S. crude exports climbed to a record 5.6 million barrels per day in May.

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