

# Market Commentary

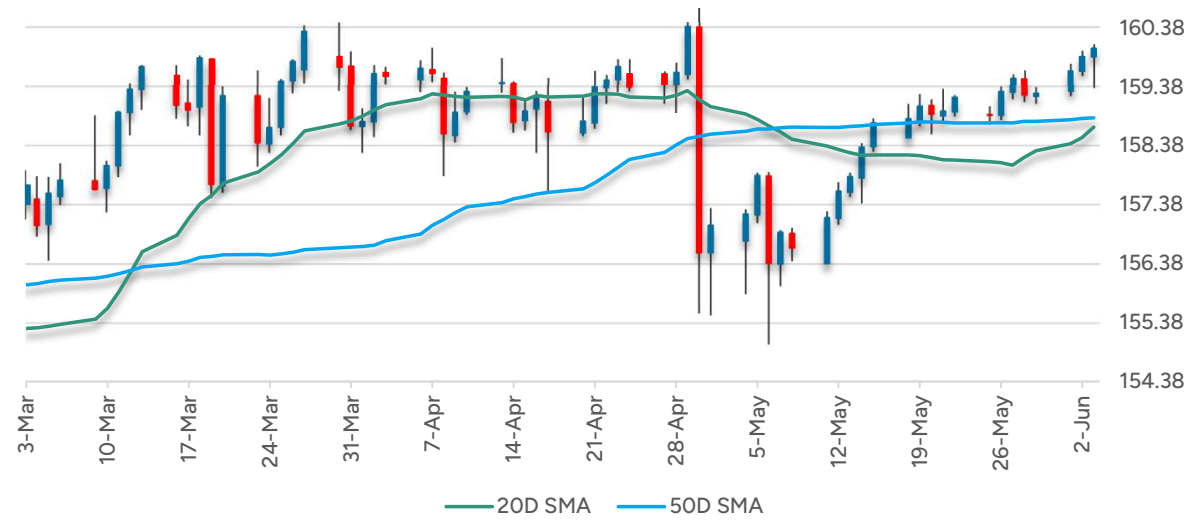
## KFH Treasury

Report produced on  
04-Jun-2026



# Forex Market

## JAPANESE YEN



CLOSE  
**160.03**

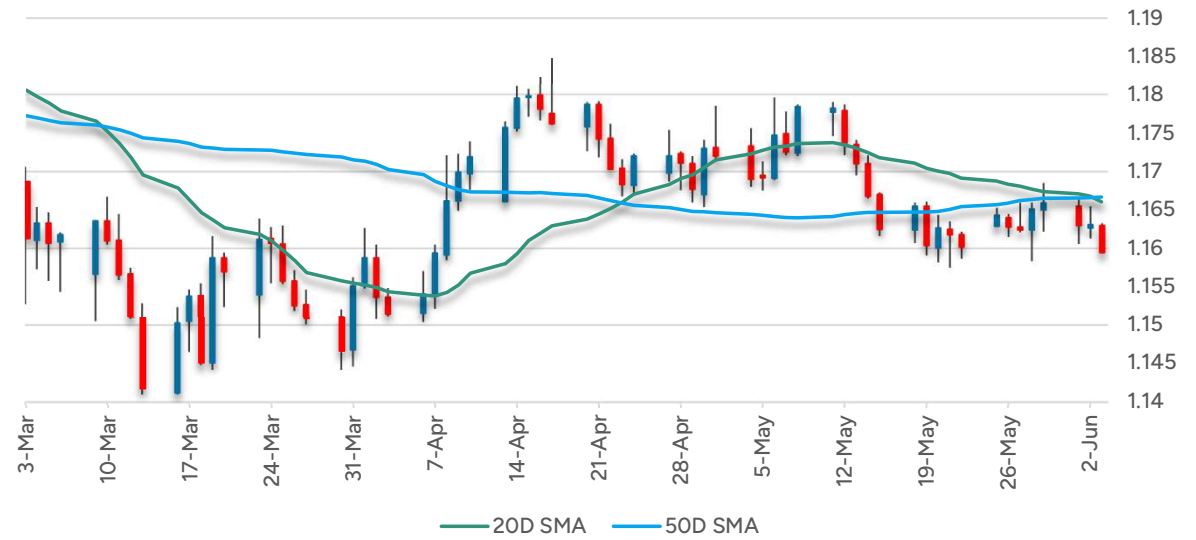
1M %chg  
**1.79%**

3M %chg  
**1.91%**

**USD/JPY slinks back on intervention risk, crosses softer**  
04 Jun 2026 07:27:42 AM

- \* USD/JPY slinked back from 160.09 EBS high yesterday, today in Asia
- \* Off to 159.83 before steadying, demand from the usual players
- \* Japanese importers into the Tokyo fix, institutional and retail specs
- \* Foreign investor hedging of Japan stocks less today on Nikkei fall
- \* Tech support from top of 159.65-86 hourly Ichimoku cloud
- \* Massive option expiries in area also supportive, 159.00-90 \$11.4 bln
- \* Expiries topside today too, \$5.8 bln between 160.00-80, \$3 bln at 160.00
- \* Topside option expiries and FX intervention risk to help cap pair for now

## EURO



CLOSE  
**1.1595**

1M %chg  
**-0.81%**

3M %chg  
**-0.33%**

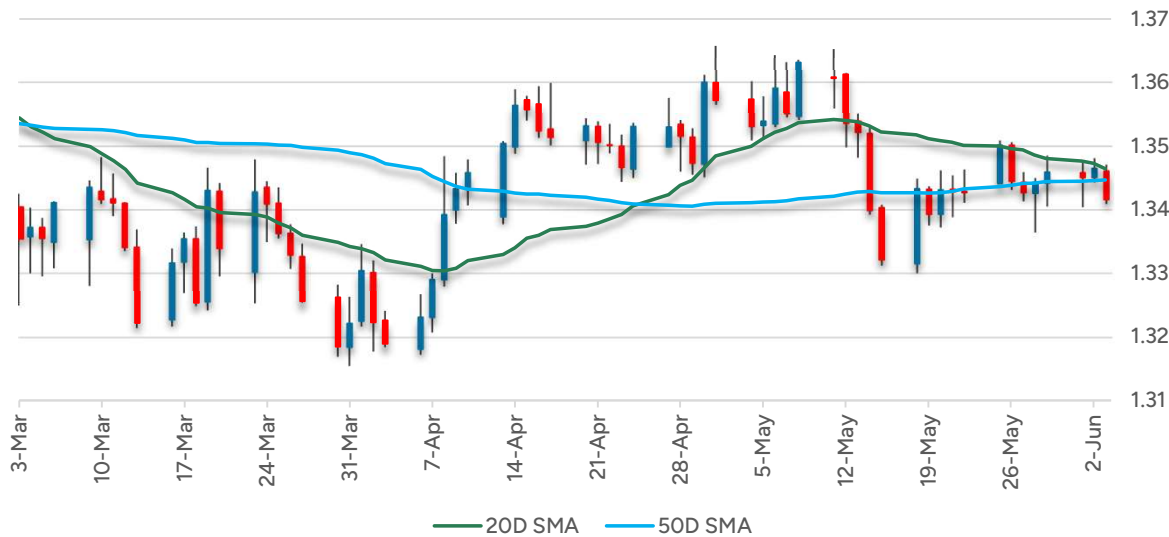
**EUR pairs less bid in Asia, massive EUR/USD options again**  
04 Jun 2026 07:04:33 AM

- \* Most EUR pairs on back foot in Asia, USD broadly bid, EZ negatives
- \* EUR/USD heavy in Asia, 1.1595-1.1612 EBS, towards base of recent range
- \* Key support in area of 1.1577 low May 21, next at 1.1525 low April 7
- \* Upside likely capped for now at 1.1633-84 daily Ichimoku cloud
- \* Massive option expiries again in area today, 1.1595-1.1600 E3.3 bln alone
- \* Below E9 bln between 1.1500-75, above 1.1610-95 E8.4 bln, 1.1700-30 E8.8 bln
- \* Market pricing in 2 ECB rate hikes this year but also EZ stagflation risk

# Forex Market



## POUND STERLING



CLOSE

**1.3416**

1M %chg

**-0.85%**

3M %chg

**0.33%**

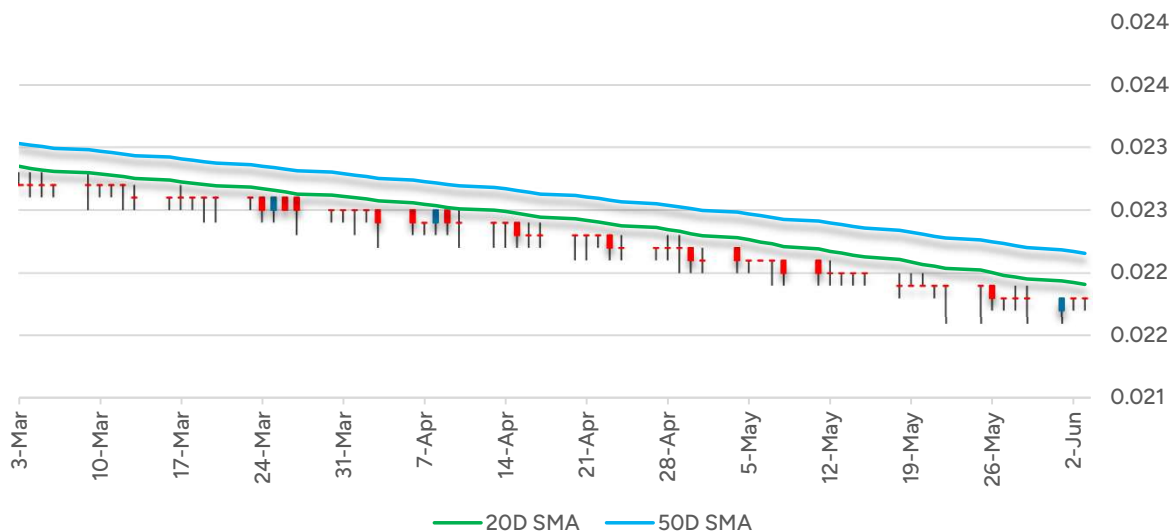
### GBP/USD-Steadies as Iran deal hopes revive

04 Jun 2026 07:45:52 AM

- \* GBP/USD unchanged in Asia after closing 0.35% lower on Wednesday
- \* Consolidation likely; on-again, off-again Iran peace talks tire investors
- \* WTI crude down 1.25%, U.S. 10-year yield -1 bp Thursday, support GBP
- \* Focus shifts to U.S. jobs data Fri as Fed rate hike expectations rise
- \* BoE's Bailey speaks; last week said no need to act quickly on inflation jump
- \* 1.3350-1.3500 range trading to continue; support 1.3400-05, 1.3370-75
- \* Resistance 1.3460-70, 1.3500; Wed range 1.3412-1.3470, Asia 1.34135-1.3431



## TURKISH LIRA



CLOSE

**0.0218**

1M %chg

**-1.36%**

3M %chg

**-3.96%**

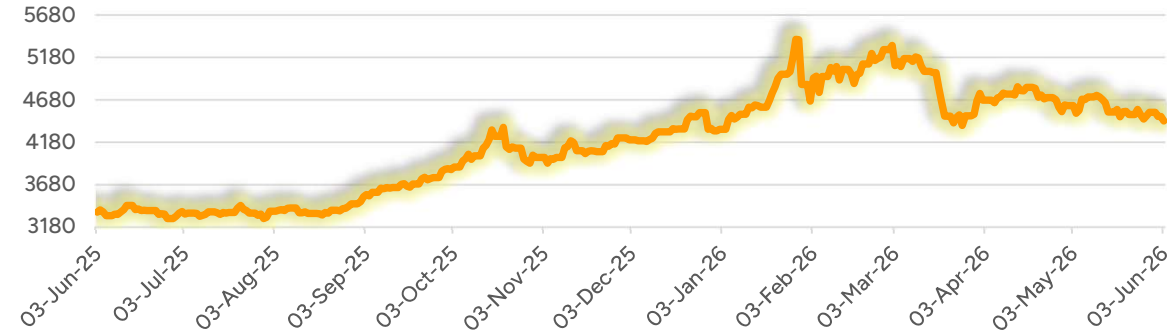
### Turkey's gross FX reserves fall to \$54.22 bln, lowest since June 2021

03 Jun 2026 04:02:53 PM

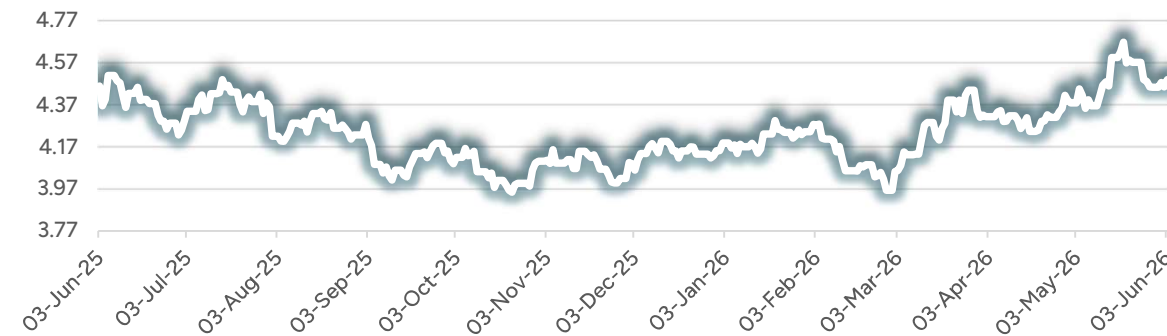
GDANSK, June 3 (Reuters) - Turkey's central bank gross foreign exchange reserves stood at \$54.22 billion as of May 22, down from \$61.23 billion a week earlier, central bank data showed. It declined to the lowest level since June 2021, roughly a five-year low. The bank sold billions of dollars in foreign reserves in the latter part of May after a court ruling ousted the leader of Turkey's main opposition Republican People's Party (CHP).

# Gold, US Treasury & Dollar Index

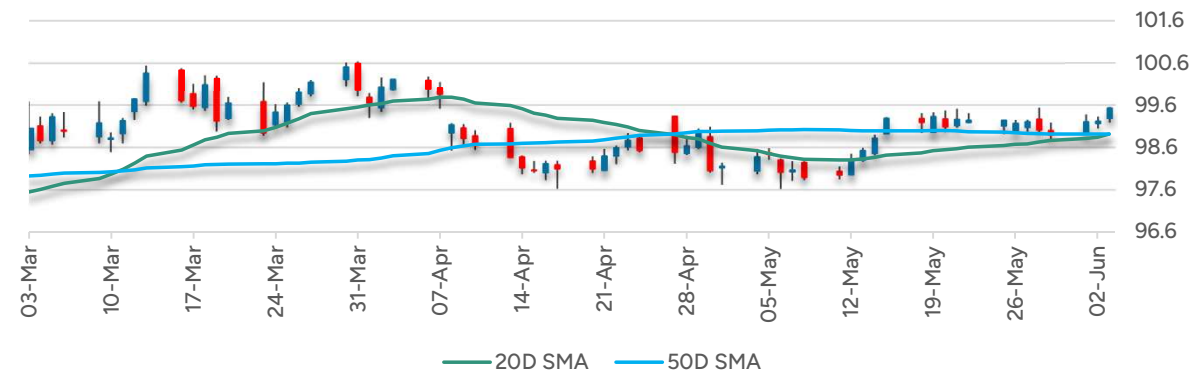
## GOLD



## 10Y US-TREASURY



## DOLLAR INDEX



US 10YT YIELD

**4.48**

1M %chg

**0.78%**

3M %chg

**9.77%**

### PRECIOUS-Gold rises on softer dollar, oil as markets weigh US-Iran peace optimism

04 Jun 2026 08:26:14 AM

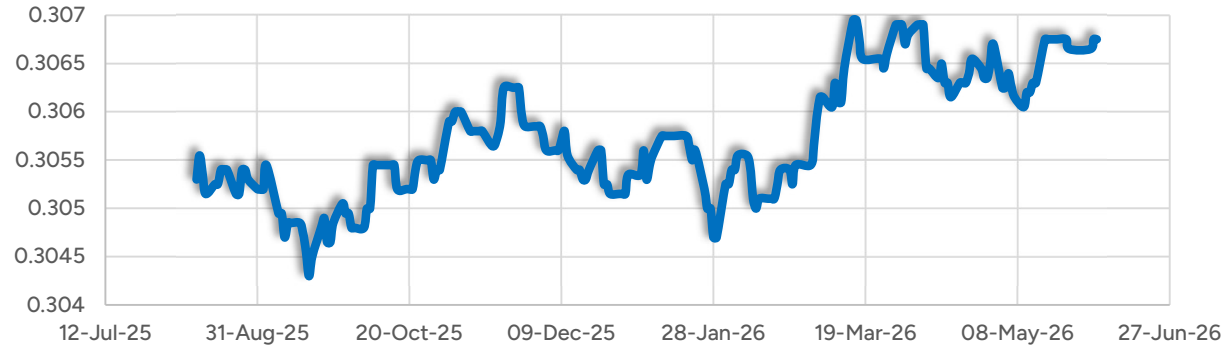
June 4 (Reuters) - Gold prices gained on Thursday, supported by lower crude oil prices and a weaker dollar, as investors assessed renewed expectations for a resolution to the U.S.-Israeli war with Iran. Spot gold XAU= was up 0.7% at \$4,464.69 per ounce. U.S. gold futures GCcv1 for August delivery gained 0.6% to \$4,491.70. The dollar eased, making greenback-priced bullion more affordable for holders of other currencies. Oil prices eased on Thursday, as the ceasefire between Lebanon and Israel boosted hopes of a U.S.-Iran peace deal. Elevated oil prices can accelerate inflation and keep interest rates higher for longer. While gold is seen as a hedge against inflation, higher rates tend to weigh on the non-yielding metal. New York Federal Reserve President John Williams noted that he does not expect upside risks to inflation caused by the war in the Middle East to be long-lasting and reiterated there was no need at this time to change U.S. monetary policy.

### UPCOMING KEY ECONOMIC INDICATOR RELEASES

INDICATOR	Ctry / Regn	Time	For	Prior	Consensus
S&P GLOBAL PMI: MSC COMPOSITE -	GB	04/Jun 11:30	May	51.5	
Initial Jobless Clm	US	04/Jun 15:30	W 30 May	215k	213k
Nat Gas-EIA Implied Flow	US	04/Jun 17:30	W 29 May	92Bn	
Halifax House Prices MM	GB	05/Jun 09:00	May	-0.10%	0.10%
GDP Revised QQ	EU	05/Jun 12:00	Q1 2026	0.10%	0.10%
GDP Revised YY	EU	05/Jun 12:00	Q1 2026	0.80%	0.80%
House Price Rightmove MM	GB	08/Jun 02:01	Jun	1.20%	
House Price Rightmove YY	GB	08/Jun 02:01	Jun	-0.30%	
Current Account Bal SA	JP	08/Jun 02:50	Apr	39006¥	
Current Account NSA JPY	JP	08/Jun 02:50	Apr	4681.5Bn¥	
GDP Cap Ex Rev QQ	JP	08/Jun 02:50	Q1 2026	0.30%	

# Daily Market Report

## KWD - CBK FIX



## MARKET SUMMARY

INSTRUMENT	OPEN	HIGH	LOW	CLOSE	%CHG 1D
EUR	1.163	1.1633	1.1594	1.1595	-0.31%
GBP	1.3461	1.3471	1.3409	1.3416	-0.36%
JPY	159.89	160.09	159.35	160.03	0.09%
TRY	0.0218	0.0218	0.0217	0.0218	0.00%
Dollar Idx	99.29	99.552	99.191	99.529	0.31%
Brent	96.78	98.99	96.44	97.81	1.89%
WTC	100.08	100.25	98.09	99.76	2.35%
Gold	4488.8701	4496.42	4425.49	4431.7754	-1.18%
KWSE Index	8751.38	8756.37	8718.24	8728.39	-0.41%

## KIBOR RATES

Tenor	Value	Tenor	Value
ON	2.38	3M	3.56
SW	3.25	6M	3.75
1M	3.44	1Y	3.94

## CENTRAL BANK OF KUWAIT

KWD (CBK FIX) CLOSE

**0.30680**

3M% CHG

**0.20%**

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	3.72
3M	3.66	1Y	3.87

## 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 services sector expands in May; supply constraints raise prices

WASHINGTON, June 3 (Reuters) - U.S. services sector activity picked up in May as businesses preemptively placed orders and replenished inventories in anticipation of shortages and higher prices stemming from the war in the Middle East. The Institute for Supply Management survey on Wednesday showed a measure of prices paid by services businesses jumped to the highest level in nearly four years last month, with the cost of petroleum-related products reported to have risen, something that the ISM said respondents had not mentioned in April.

### UK services firms post first drop in activity since April 2025 as Iran war price pressure persists

LONDON, June 3 (Reuters) - British services firms suffered a small fall in activity in May as the strains of the Iran war pushed up their costs sharply and hit optimism, a survey showed. The S&P Global Purchasing Managers' Index for Britain's services sector fell to 49.3 from April's 52.7, representing the first fall in output since April 2025, though the reading was stronger than the original flash estimate of 47.9. A reading below 50 signals contraction, while one above 50 signifies growth. Financial markets on Tuesday saw a 90% chance that the BoE will keep borrowing costs at 3.75%.

### Russian GDP growth slows to 1.3% y/y in April

MOSCOW, June 3 (Reuters) - Russia's gross domestic product grew by 1.3% year-on-year in April after 1.9% growth in the previous month. In the first four months of the year, the Russian economy grew by 0.2%. Last month the economy ministry sharply downgraded its macroeconomic forecasts for 2026–2029 after more than four years of war in Ukraine. The GDP growth estimate for 2026 was slashed from 1.3% to 0.4%. Vladimir Putin scolded his top officials in April for slow growth and asked them to devise new measures to support the economy.

### Australia Q1 economic growth slows on trade drag, consumers struggle

SYDNEY, June 3 (Reuters) - Australia's economy slowed in the March quarter as strength in business investment was offset by a drag from trade, data showed on Wednesday, while higher borrowing costs and rising petrol prices cooled consumer demand. Real gross domestic product (GDP) rose 0.3% in the first quarter, easing from a 0.9% jump the previous quarter, data from the Australian Bureau of Statistics showed. Market forecasts were for 0.5%, but with downside risks. Annual growth held steady at 2.5%. The Reserve Bank of Australia judges the economy cannot grow much above 2.0% without generating inflation.

### Brazil's May trade surplus beats forecasts as prices lifts exports

BRASILIA, June 3 (Reuters) - Brazil's trade surplus reached \$7.8 billion in May, official data showed on Wednesday, above market expectations, as higher prices drove export growth at a faster pace than imports. Economists polled by Reuters had forecast a \$7.7 billion surplus for the month. According to the Ministry of Development, Industry, Trade and Services, exports rose 6.6% from the same month a year earlier to \$31.9 billion, supported by a 11.5% increase in prices, while shipment volumes declined. Imports, meanwhile, rose 5.3% in May from a year earlier to \$24.1 billion, also driven by higher prices.

### Oil falls as Lebanon and Israel agree to implement ceasefire

BEIJING, June 4 (Reuters) - Oil prices eased on Thursday as Israel and Lebanon's ceasefire agreement boosted hopes for a broader deal to end the U.S.-Israeli war with Iran, while the U.S. House approved a resolution seeking to curb President Donald Trump's war powers. Brent futures LCOc1 were down 67 cents, or 0.69%, at \$97.14 a barrel, while U.S. West Texas Intermediate CLc1 crude fell 62 cents, or 0.65%, to \$95.4. Both benchmarks rose about 2% on Wednesday, extending the previous session's gains, after renewed Middle East hostilities including Iranian attacks on Kuwait and U.S. military strikes near the Strait of Hormuz.

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