

Treasury Daily Newsletter

2-Jun-26

Kuwaiti Dinar Today 0.30675 / 0.30685

Key Market Highlights:

- Global equity markets stabilised following a technology-led pullback, with investors selectively buying into relative weakness after recent record highs. MSCI's regional equity index recovered earlier losses to trade broadly unchanged, while South Korea's Kospi, a key proxy for AI and semiconductor demand, closed down 1.1% after declining as much as 3.3% intraday. Nasdaq 100 futures pared losses to 0.3%, while Chinese technology shares outperformed, supported by an 8.8% rise in Tencent Holdings. Meanwhile, Brent crude eased to approximately \$95 per barrel, helping Treasury markets recover modestly as lower energy prices reduced immediate inflation concerns. Market sentiment remained influenced by uncertainty surrounding US-Iran negotiations and ongoing Middle East tensions, which continue to shape energy market dynamics. Investors also focused on the sustainability of the AI-driven equity rally, with the Philadelphia Semiconductor Index up around 70% over the past two months, while attention turns to upcoming US labour market data for further policy signals. DXY last printed at 99.163.
- US manufacturing activity strengthened further in May, with the Institute for Supply Management (ISM) Manufacturing PMI rising to 54.0 from 52.7 in April, exceeding market expectations of 53.3 and marking its highest level since May 2022. The sector has now expanded for five consecutive months, supported by robust new orders, which increased to 56.8 from 54.1, alongside gains in export and backlog orders. However, the improvement was accompanied by mounting supply-side pressures linked to disruptions from the Middle East conflict, which has affected global shipping routes and commodity flows. Supplier deliveries remained elevated at 60.6, signalling continued delays and shortages across key inputs including semiconductors, aluminium and steel products. Input cost pressures remained significant, with the prices paid index easing only marginally to 82.1 from 84.6. While manufacturing output continues to benefit from inventory building and strong AI-related investment, persistent supply constraints, elevated transportation costs and ongoing inflationary pressures complicate the Federal Reserve's policy path.

Technical Levels	Support 2	Support 1	Spot	Resistance 1	Resistance 2
EUR	1.1540	1.1600	1.1635	1.1680	1.1740
GBP	1.3360	1.3420	1.3465	1.3505	1.3565
JPY	158.70	159.30	159.70	160.10	160.70
CHF	0.7760	0.7820	0.7860	0.7900	0.7960

Brief Technical Commentary

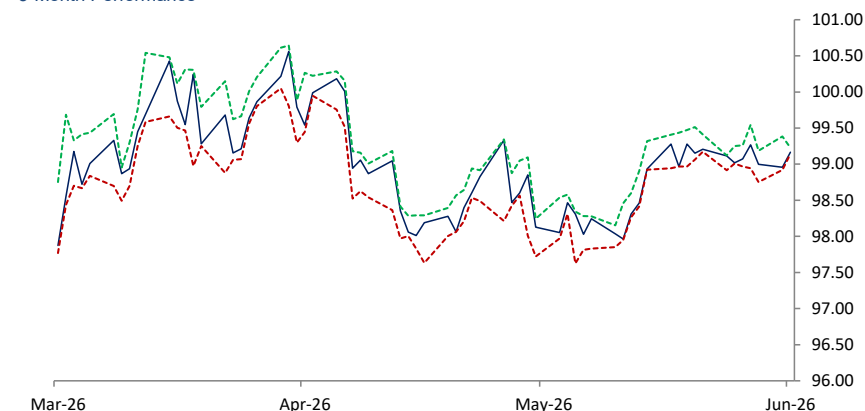
EUR/USD: The pair steadies at 1.1635 after recovering from 1.1610 area, with price reclaiming short term moving averages. Initial support is at 1.1600, followed by 1.1540; resistance stands at 1.1680 and then 1.1740.

USD/JPY: The pair consolidates near 159.70 after extending its recent advance, with price holding comfortably above all key moving averages. Initial support is at 159.30, followed by 158.70; resistance stands at 160.10 and then 160.70.

Economic Events	Country	Event	Actual	Forecast	Previous
01-Jun-26	USD	FOMC Member Powell Speaks			
01-Jun-26	USD	ISM Manufacturing PMI	54.0	53.3	52.7
02-Jun-26	EUR	Core CPI Flash Estimate y/y		2.4%	2.2%
02-Jun-26	GBP	BOE Gov Bailey Speaks			
02-Jun-26	USD	JOLTS Job Openings		6.87M	6.87M
03-Jun-26	AUD	GDP q/q		0.5%	0.8%
03-Jun-26	JPY	BOJ Gov Ueda Speaks			
03-Jun-26	USD	ISM Services PMI		53.8	53.6
04-Jun-26	CHF	CPI m/m		0.3%	0.3%
05-Jun-26	USD	Non-Farm Employment Change		95K	115K

DXY

3-Month Performance



Currencies	Closing	YTD %	Closing	YTD %	
EUR/USD	1.1631	0.92	EUR/GBP	0.8645	0.85
GBP/USD	1.3454	0.08	GBP/JPY	214.81	1.80
USD/JPY	159.66	1.90	EUR/JPY	185.70	1.02
USD/CHF	0.7867	0.80	EUR/CHF	0.9148	1.71

Commodities	Last Price	% Change	Global Indices	Last Price	% Change
Kuwait Oil	117.51	4.39	Dow Jones	51,078.88	0.09
Brent	94.98	0.84	Nikkei 225	66,934.33	0.42
West Texas	92.16	0.97	S&P 500	7,599.96	0.26
Gold	4,484.98	0.77	KuwaitSE	8,760.57	0.62

Local & Global Rates (%)	O/N	1-Month	3-Month	6-Month	1-Year
KWD	2.38	3.44	3.63	3.75	4.00
USD	3.63	3.62	3.65	3.71	3.84
EUR	1.94	1.98	2.27	2.55	2.80
GBP	3.73	3.74	3.80	3.92	4.13

Government Yields (%)	1-Year	2-Year	5-Year	10-Year	30-Year
United States	4.02	4.06	4.15	4.43	4.95
Germany	2.46	2.62	2.71	3.00	3.54
United Kingdom	4.32	4.32	4.45	4.90	5.59
Japan	1.37	1.54	1.85	2.56	3.83