

Weekly Markets Wrap-Up

Kuwait Finance House B.S.C.(c) | Financial Markets
Sales Team

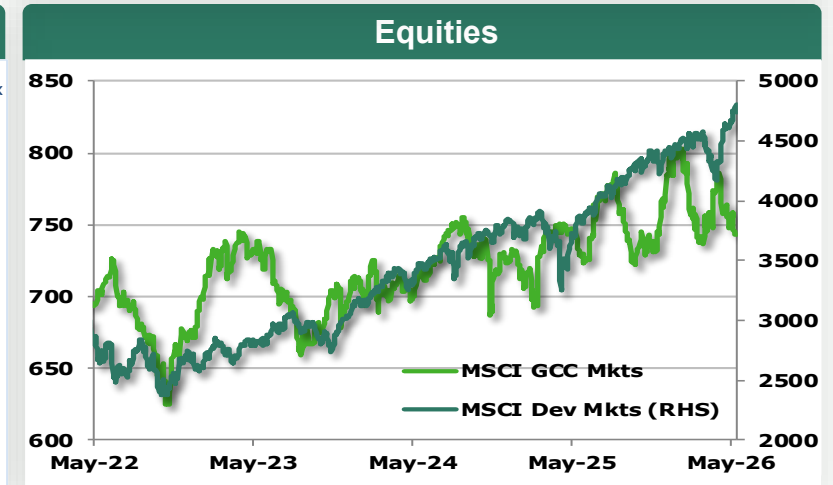
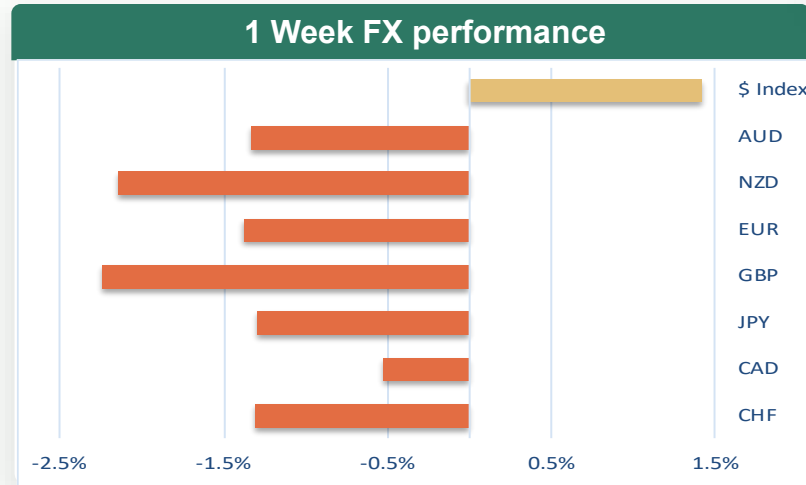
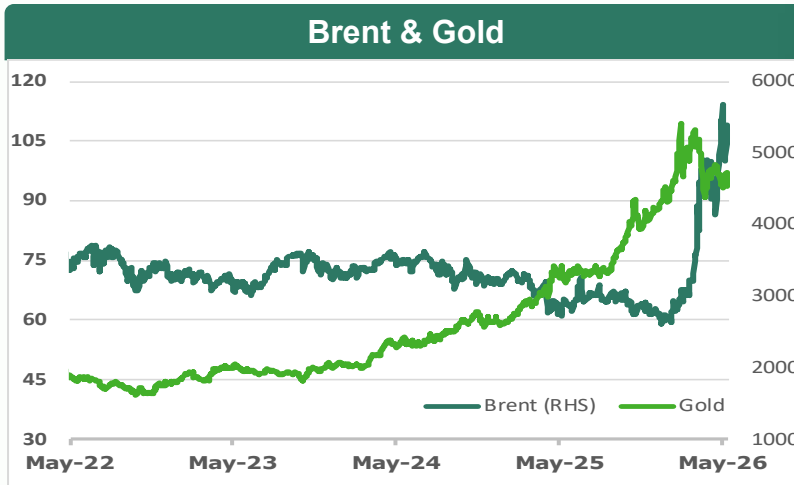
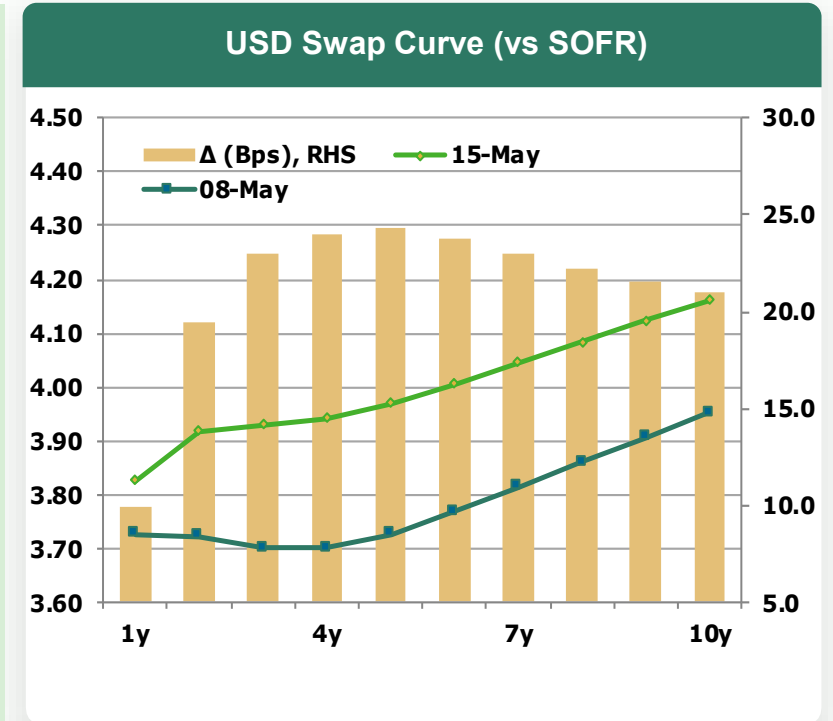
08 - 15 May 2026



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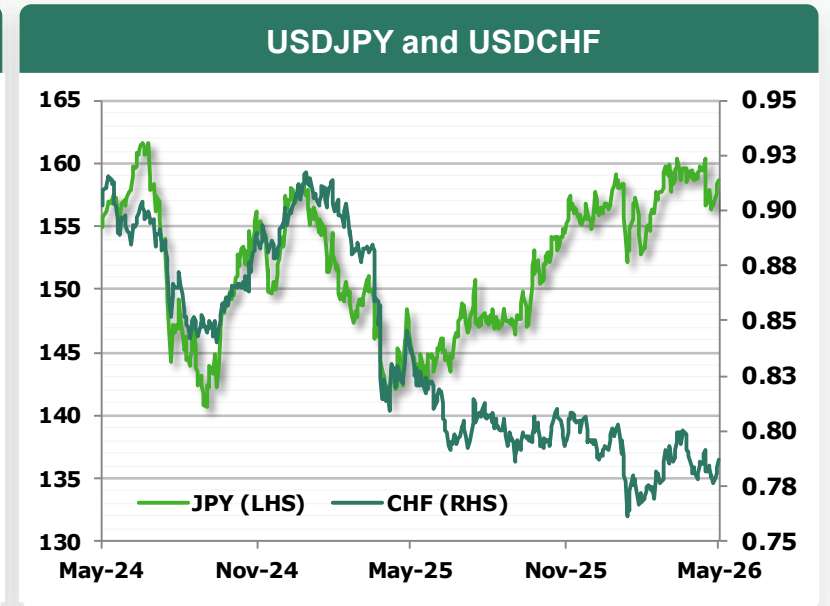
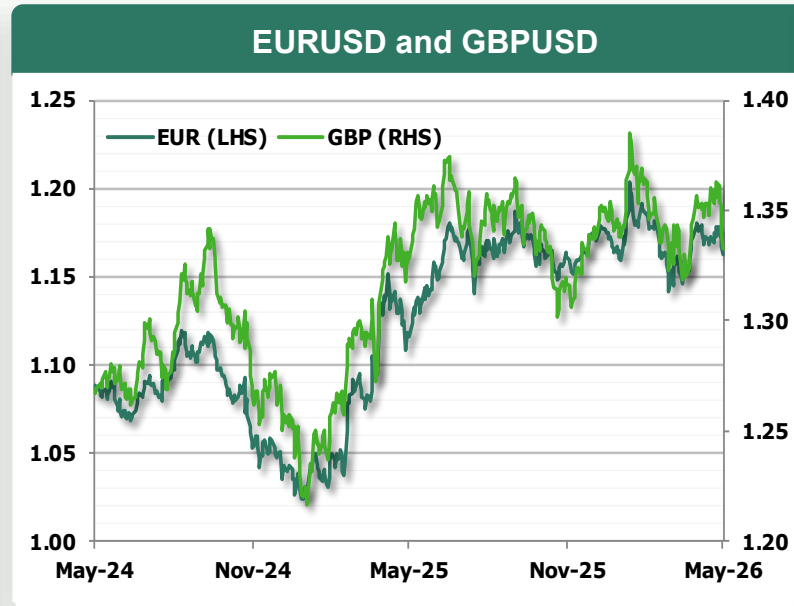
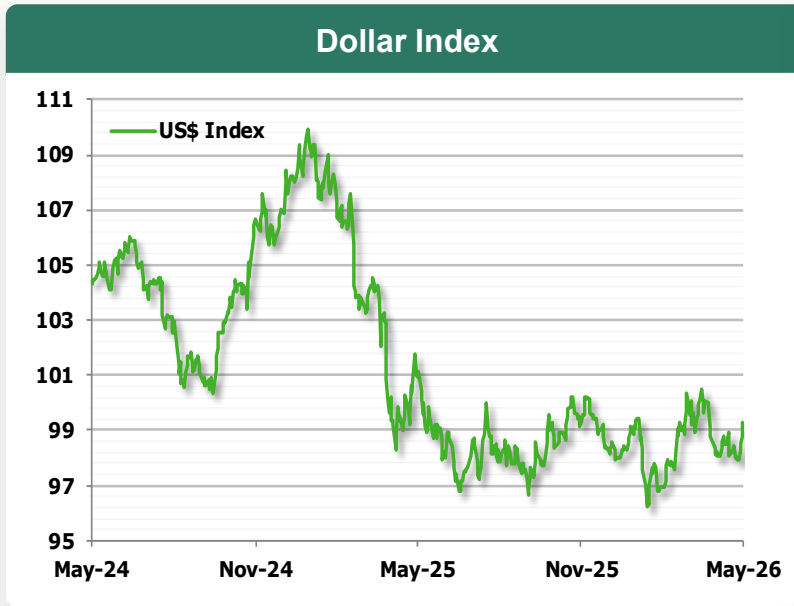
Executive Summary

- US markets remained resilient but volatile, with equities supported by strong earnings and AI momentum pushing the S&P 500 to fresh highs, even as inflation concerns limited upside. Treasury yields edged higher on persistent price pressures, reinforcing expectations the Fed will stay on hold for longer. The dollar traded firm amid geopolitical uncertainty, while gold held relatively stable as a hedge. Oil prices stayed elevated on Middle East tensions, underpinning inflation risks and shaping cross-asset sentiment.
- European, UK, & Japanese markets showed mixed, policy-driven moves. The ECB and BOE are maintaining cautious, data-dependent stances amid elevated inflation & political uncertainty in the UK. BOJ officials signaled a more hawkish tone on potential rate hikes. Equities were rangebound with episodic volatility. FX saw a softer pound & euro versus the dollar. The yen remained under pressure despite intermittent policy support signals.
- Emerging markets saw mixed performance, with equities supported by AI-driven tech strength but broader sentiment pressured by higher oil prices & geopolitical risks. FX remained volatile as dollar strength and rising yields weighed on oil-importing economies, keeping overall risk appetite cautious.
- Week Ahead: On 18th May, China activity data & the G-7 meetings will set early tone. On 19th May, Canada CPI, Japan GDP, UK labor data, & US pending home sales will follow. On 20th May, Eurozone & UK CPI are key. On 21st May, global PMIs (Eurozone, UK, & US), US jobless claims, housing starts, & Japan trade data drive sentiment alongside EU spring economic forecasts. On 22nd May, Japan CPI, & US Michigan sentiment close the week. Earnings include Nvidia, Analog Devices, BT Group, Richemont, Deere, Experian, Generali, Hesai, Intuit, Keysight, Lenovo, MS&AD, NIO, Ryanair, Singtel, Sampo, Target, TJX, Tokio Marine & Walmart.



FX Markets

- The dollar traded mixed, strengthening modestly midweek on firm inflation & higher yields before easing as risk appetite improved. The Dollar Spot Index rose ~1.4%, reflecting resilience amid geopolitical uncertainty and delayed Fed easing expectations.
- USD/CAD edged higher toward ~1.37, supported by rising US yields & oil volatility. Despite strong crude levels offering intermittent support to CAD, the pair remained biased upward amid external drivers, including US CPI.
- USD/JPY climbed toward the 157–158 range, reflecting sustained dollar strength. Pressure remained, despite intervention risks & hawkish BOJ signals. Geopolitics & oil-driven inflation dynamics reinforced upward bias.
- EUR/USD drifted lower toward the ~1.16 level, pressured by dollar strength. The pair saw intermittent stabilization but maintained a soft tone overall, with inflation concerns & geopolitical risks limiting euro upside.
- GBP/USD weakened to around ~1.33–1.36, underperforming peers amid UK political uncertainty and softer sentiment. The pound faced sustained pressure from leadership concerns, amplifying downside during dollar strength phases before stabilizing as broader risk sentiment improved late in the week.



FX Markets

G7 FX – Spot, Forwards and Median Forecasts

G7	Actuals							Median Forecasts				
	Last	1 Wk	1 Wk %	1 Yr %	6M Fwd	1Y Fwd	Q226	Q326	Q426	Q127	Q427	
EURUSD	1.1625	1.1787	↓ -1.4%	↑ 4.1%	1.1708	1.1778	1.1700	1.1800	1.1900	1.2000	1.2100	
GBPUSD	1.3326	1.3631	↓ -2.2%	↑ 0.3%	1.3307	1.3268	1.3400	1.3500	1.3500	1.3600	1.3700	
USDJPY	158.74	156.68	↑ 1.3%	↑ 8.9%	156.42	154.22	158.00	155.00	153.00	151.00	148.00	
USDCHF	0.7869	0.7766	↑ 1.3%	↓ -34.1%	0.7716	0.7571	0.7800	0.7800	0.7800	0.7700	0.7800	
AUDUSD	0.7150	0.7246	↓ -1.3%	↑ 11.6%	0.7118	0.7084	0.7100	0.7200	0.7200	0.7300	0.7400	
NZDUSD	0.5839	0.5967	↓ -2.1%	↓ -0.7%	0.5868	0.5882	0.5900	0.5900	0.6000	0.6100	0.6200	
USDCAD	1.3750	1.3677	↑ 0.5%	↓ -1.6%	1.3652	1.3577	1.3700	1.3600	1.3500	1.3500	1.3400	

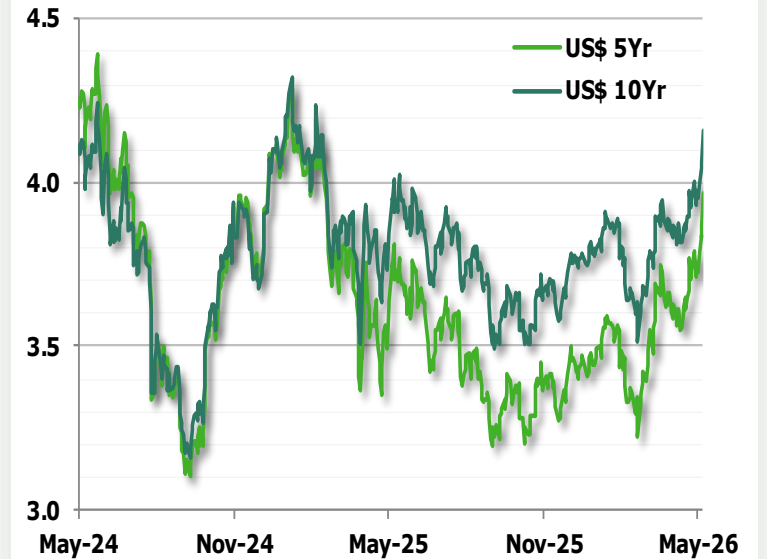
GCC and Related FX – Spot and Forwards

GCC	Spot Rate	1Y Forward Rates				2Y Forward Rates			
		Last	1 Wk	1 Wk %	1 Yr %	Last	1 W Back	1 Wk %	1 Yr %
BHD	0.37715	0.37882	0.37910	↓ -0.1%	↓ -0.1%	0.38075	0.38072	⇒ 0.0%	⇒ 0.1%
SAR	3.75270	3.76650	3.76610	⇒ 0.0%	↓ 0.0%	3.78245	3.78135	⇒ 0.0%	↓ -0.1%
AED	3.67310	3.67182	3.67146	⇒ 0.0%	⇒ 0.0%	3.67043	3.67153	↓ 0.0%	↓ 0.0%
KWD	0.30520	0.30591	0.30555	↑ 0.1%	↑ 0.2%	0.30455	0.30406	↑ 0.2%	↑ 0.6%
QAR	3.64120	3.64700	3.64675	⇒ 0.0%	⇒ 0.0%	3.65325	3.65255	⇒ 0.0%	↓ -0.1%
OMR	0.38475	0.38501	0.38507	↓ 0.0%	↓ -0.3%	0.38541	0.38544	↓ 0.0%	↓ -0.6%
TRY	45.51	63.38	62.81	↑ 0.9%	↑ 16.6%	85.91	84.79	↑ 1.3%	↑ 17.9%

Rate Markets

- Federal Reserve messaging leaned increasingly pragmatic and reactive, with officials emphasizing that policy is already sufficiently restrictive but must remain flexible in the face of renewed inflation pressures, particularly from energy. Several remarks highlighted that recent data does not yet justify easing, while acknowledging growing two-sided risks between inflation persistence and potential demand softening. The tone suggested a willingness to pause for longer, with policymakers stressing that the bar for either cuts or hikes remains high and that upcoming inflation and growth data will be critical in determining the next directional shift.
- ECB and BOE rhetoric evolved toward a more guarded tone, with ECB officials increasingly stressing that energy-related price pressures risk delaying the disinflation process while signaling limited urgency to adjust policy. In the UK, policymakers faced a more fragile backdrop, where political instability and inflation uncertainty reinforced market expectations of a prolonged pause. Both central banks emphasized vigilance, highlighting that any policy shift will depend heavily on upcoming CPI and activity data rather than precommitted paths.
- Bank of Japan communication shifted further toward a normalization narrative, with policymakers increasingly confident that inflation dynamics are becoming durable rather than transitory. Several board members highlighted that sustained wage growth and energy-driven price pressures are strengthening the case for gradual tightening. Officials signaled that additional rate hikes could come sooner if the current trajectory persists, marking a notable shift from earlier caution. At the same time, they emphasized the need to balance tightening against risks to growth, particularly given external uncertainties, while remaining alert to excessive yen volatility and potential market intervention triggers.

US\$ Swap Rates (vs SOFR).



Rate Markets

Swap Markets

	Tenor	Last	1Wk	1W Δ (Bps)	1Y Δ (Bps)
US	2Y	3.92	3.72	↑ 19	↑ 17
	5Y	3.97	3.73	↑ 24	↑ 27
	10Y	4.16	3.95	↑ 21	↑ 25
EU	2Y	2.94	2.78	↑ 16	↑ 90
	5Y	3.01	2.83	↑ 18	↑ 74
	10Y	3.20	3.03	↑ 17	↑ 65
UK	2Y	4.45	4.25	↑ 20	↑ 62
	5Y	4.48	4.23	↑ 25	↑ 63
	10Y	4.73	4.47	↑ 26	↑ 60
UAE	2Y	4.09	3.93	↑ 16	↑ 23
	5Y	4.24	4.03	↑ 20	↑ 19
	10Y	4.57	4.37	↑ 19	↑ 15
KSA	2Y	5.04	4.84	↑ 20	↑ 19
	5Y	5.22	4.98	↑ 23	↑ 42
	10Y	5.46	5.23	↑ 23	↑ 49

*USD vs SOFR; EUR vs EURIBOR; GBP vs SONIA; AED vs EIBOR; and SAR vs SAIBOR

Money Markets

	Tenor	Last	1Wk	1W Δ (Bps)	1Y Δ (Bps)
US	O/N	3.56	3.60	↓ -4.0	↓ -74
	3M	3.65	3.64	→ 0.3	↓ -68
	6M	3.67	3.66	↑ 1.4	↓ -58
EU	3M	2.23	2.23	→ -0.2	↑ 9
	6M	2.56	2.47	↑ 9.0	↑ 43
	O/N	3.73	3.73	→ 0.1	↓ -48
Bahrain	3M	5.13	5.11	↑ 2.3	↓ -52
	6M	5.18	5.16	↑ 2.4	↓ -36
	UAE	3M	3.86	3.85	→ 0.7
Saudi	6M	3.75	3.80	↓ -4.3	↓ -38
	3M	4.73	4.68	↑ 4.9	↓ -82
	6M	5.11	5.10	→ 0.7	↓ -26

*USD: O/N rate is SOFR, 3M/6M is CME Term SOFR GBP: O/N rate is SONIA

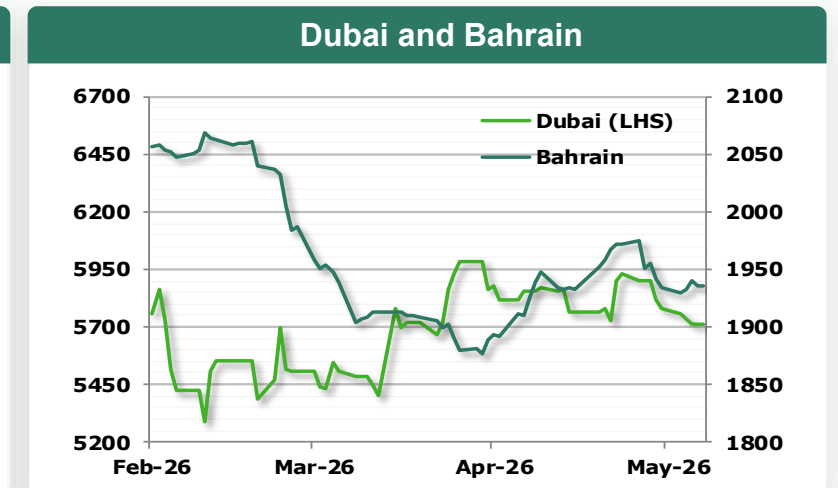
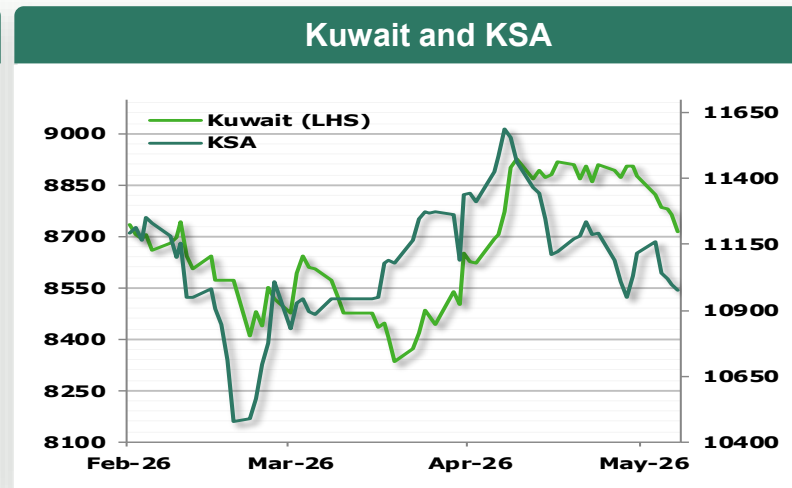
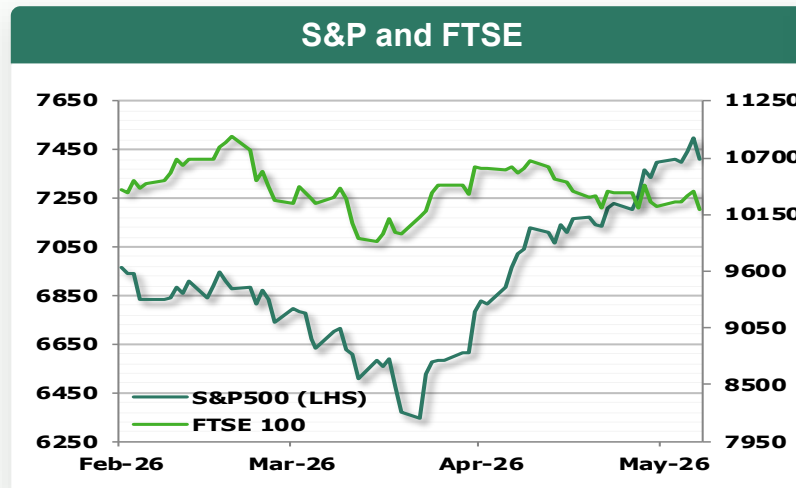
Key Central Bank Rates

	Last	1Y Δ (Bps)
US Fed Rate	3.75	↓ -75
US Disc. Rate	3.75	↓ -75
EU Refi Rate	2.15	↓ -25
BoE Official Rate	3.75	↓ -50
BoJ O/N Rate	0.75	↑ 25
Bahrain O/N Rate	4.25	↓ -75
KSA Repo Rate	4.25	↓ -75
Kuwait O/N Rate	3.50	↓ -50
Oman Repo Rate	4.25	↓ -75
UAE Repo Rate	3.65	↓ -75
Qatar Repo Rate	4.10	↓ -75
Egypt O/N Rate	19.00	↓ -600

Charts and Data source: Bloomberg

Equity Markets

- US equities delivered a strong but uneven performance, with major indices pushing to fresh highs, led by persistent strength in AI-linked megacaps and semiconductor stocks driving the S&P 500 and Nasdaq. Midweek volatility emerged as inflation concerns and rising yields triggered a pullback in high-growth names, briefly stalling momentum. However, resilient earnings, solid economic data, and continued demand for tech leaders supported a renewed bid for equities. By week's end, dip-buying flows and improving risk sentiment reinforced the market's upward bias, highlighting underlying confidence despite macro and geopolitical headwinds.
- UK and European equities showed uneven but stabilizing performance. Markets were pressured midweek by rising yields, inflation concerns & UK-specific political uncertainty weighing on sentiment and gilts-sensitive sectors. However, losses were limited as broader global momentum helped cushion the downside. By late week, equities began to stabilize, supported by expectations of resilient growth and rate stability.
- Asian equities delivered strong but concentrated gains, led by technology and semiconductor sectors as AI-related demand continued to drive performance. Midweek volatility emerged on inflation & geopolitical concerns, but regional markets remained supported by resilient earnings momentum and improving sentiment around US-China engagement, allowing indices to extend gains with selective participation across the region.
- GCC equities declined broadly over the week, reflecting weaker regional sentiment and profit-taking across key markets. Dubai (-3.3%), Abu Dhabi (-1.6%), Qatar (-2.1%), Kuwait (-2.1%), and Oman (-4.2%) all posted losses, while Saudi Arabia (-0.3%) and Bahrain (-0.3%) showed relative resilience. The pullback was driven by softer global risk appetite, pressure in energy-linked sectors, and cautious positioning ahead of earnings and macro catalysts, leaving the region in a consolidative phase.



Equity Markets

Main Indices

Index	Last	1 Wk %	1 Yr %	52w Hi	52w Lo
S&P 500	7409	→ 0.1%	↑ 24.3%	7517	5767
Nasdaq	26225	→ -0.1%	↑ 36.5%	26707	18600
FTSE 100	10195	→ -0.4%	↑ 17.3%	10935	8605
CAC40	7953	↓ -2.0%	↑ 0.8%	8642	7505
DAX	23951	↓ -1.6%	↑ 0.7%	25508	21864
China SE	4135	↓ -1.1%	↑ 22.8%	4259	3332
Japan TOPIX	3864	↑ 0.9%	↑ 40.9%	3939	2707
Dubai SE	5709	↓ -3.3%	↑ 4.6%	6785	5184
Bahrain SE	1936	→ -0.3%	↑ 0.7%	2085	1863
Abu Dhabi SE	9678	↓ -1.6%	→ 0.2%	10755	9299
Qatar SE	10493	↓ -2.1%	↓ -0.6%	11743	9926
Saudi SE	10995	→ -0.3%	↓ -4.4%	11782	10194
Egypt SE	52908	↓ -1.3%	↑ 65.6%	54979	29741
Kuwait SE	8715	↓ -2.1%	↑ 7.7%	9121	7718
Oman SE	8002	↓ -4.2%	↑ 81.4%	8446	4404

KFH Group

Index	Last	1 Wk %	1 Yr %	52w Hi	52w Lo
KFH Bahrain (US\$)	2.545	↓ -1.0%	↑ 0.9%	2.610	2.215
KFH Kuwait (KWD)	0.779	↓ -1.3%	↑ 12.6%	0.807	0.666
KFH Kuwait (US\$ Eqv)	2.530	↓ -1.8%	↑ 12.6%	2.635	2.176
Comm. Bank of Iraq (IQD)	0.670	→ 0.0%	↓ -24.7%	0.900	0.630



Credit Markets

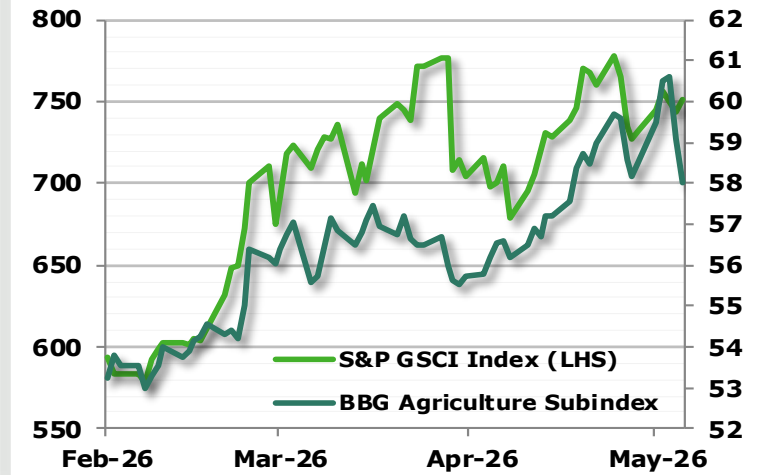
GCC Key sovereign bonds							
Issuer	Bond Description	Maturity (yrs)	Asset Swap Spreads				
			Spread* (Bps)		1W Δ (Bps)		1M Δ (Bps)
Bahrain	BHRAIN 6 1/4 10/18/30	4.4	236	↓	-3.7	↓	-13.5
	BHRAIN 5.8735 02/06/34	7.7	232	↓	-12.0	↓	-15.4
Kuwait	KUWIB 4.136 10/09/30	4.4	60	↓	-26.6	↓	-26.6
KSA	KSA 5 3/8 01/13/31	4.7	90	↓	-11.5	↓	-11.5
	KSA 5 5/8 01/13/35	8.7	107	↓	-19.1	↓	-19.1
Oman	OMAN 6 08/01/29	3.2	88	↑	2.2	↓	-0.4
	OMAN 7 3/8 10/28/32	6.5	101	↓	-3.6	↓	-6.8
Abu Dhabi	ADGB 1 7/8 09/15/31	5.3	61	↓	-13.9	↓	-13.9
	ADGB 5 04/30/34	8.0	66	↓	-5.0	↓	-6.6
Dubai	DUGB 5 04/30/29	3.0	63	↓	-23.2	↓	-1.6
	DUGB 2.763 09/09/30	4.3	68	↓	-5.6	↓	-2.1
Qatar	QATAR 3 3/4 04/16/30	3.9	58	↓	-2.2	↓	-3.5
	QATAR 4 7/8 02/27/35	8.8	52	↓	-6.8	↓	-7.1

Commodity Markets

Commodities

G7	Actuals					Median Forecasts				
	Last	1 Wk %	1 Yr %	52w Hi	52w Lo	Q2'26	Q3'26	Q4'26	Q1'27	Q2'27
WTI (\$/bbl)	105.4	↑ 10.5%	↑ 74.8%	110.9	55.1	90.0	75.5	72.0	71.5	71.0
Brent (\$/bbl)	109.3	↑ 7.9%	↑ 70.7%	115.3	58.7	97.0	86.0	80.3	76.5	76.5
Gold (\$/t oz)	4540	↓ -3.7%	↑ 40.1%	5595.5	3204.7	4774	4825	4950	5038	5000
Silver (\$/t oz)	76.0	↓ -5.4%	↑ 132.8%	121.7	32.1	76.0	76.2	75.7	74.0	71.5
Platinum (\$/t oz)	1982	↓ -3.7%	↑ 99.4%	2922.7	989.1	2000	2000	1975	2050	2000
LME 3M Alm (\$/mt)	3563	↑ 1.7%	↑ 43.1%	3690.0	2425.5	3450	3400	3400	3200	3108
LME 3M Cpr (\$/mt)	13555	↓ -0.1%	↑ 41.5%	14527.5	9430.0	12650	12500	12500	12000	12000

S&P GSCI Index & CRB Foods



Charts and Data source: Bloomberg

Egypt Market Update

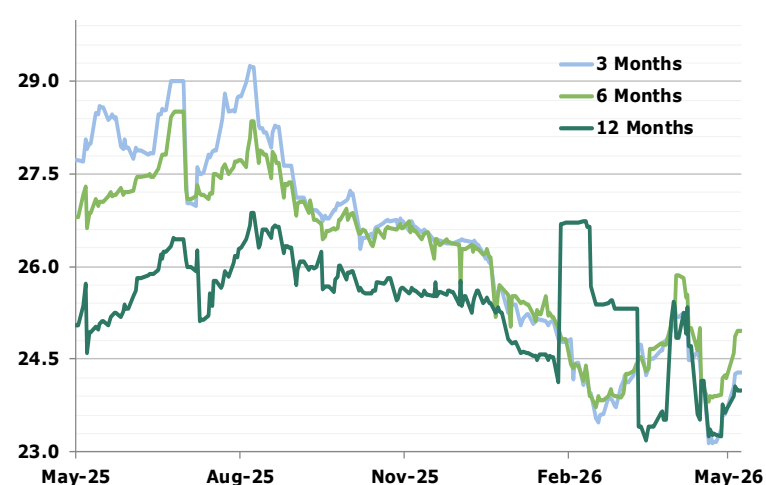
- The IMF mission returned to Cairo to conduct the seventh review of Egypt’s reform program, potentially unlocking ~\$1.6bn in new financing, with discussions focused on managing the impact of Middle East tensions while supporting macro stability and reform momentum.
- The Central Bank of Egypt revised its inflation outlook higher, warning inflation could average 16–17% in 2026 due to energy shocks, while maintaining tight policy settings and signaling prolonged restrictive conditions to anchor expectations.
- Egypt accelerated structural and investment initiatives, including advancing privatization plans for state-owned companies and entering negotiations for major projects like a \$900m aluminum complex, reinforcing efforts to boost foreign investment and expand private-sector participation.
- The Central Bank of Egypt kept key rates unchanged at its last meeting held on 2nd April. The CBE adopted a wait-and-see approach to preserve tight monetary policy stance & help ensure inflation expectations remain anchored. The bank kept benchmark deposit rate at 19% & lending rate at 20%. The next meeting is on 21st May 2026.



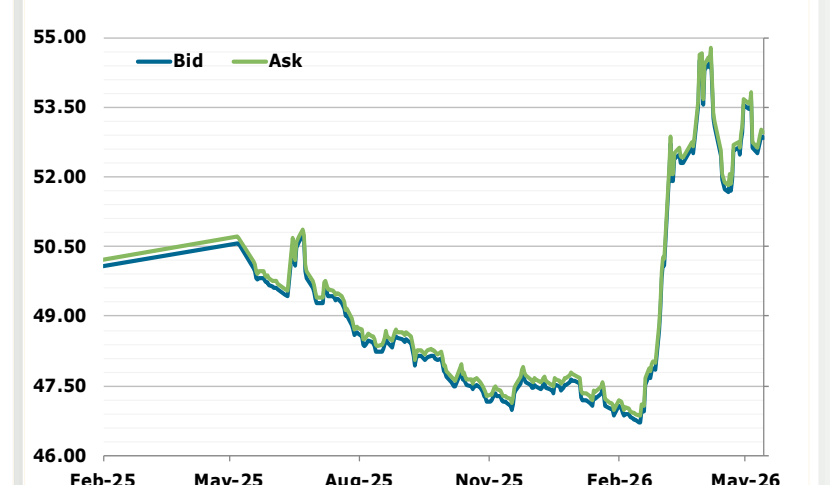
Egyptian Exchange EGX 30 Price Index Historical



EGP T-Bills Primary Market Historical



USDEGP CBE Official Spot Rate Historical



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