

Bank Dhofar Morning Market Update



Date: 13/04/26

Global Update

Oil prices jumped while global equities and bonds retreated after President Donald Trump ordered a blockade of Iranian ports, heightening tensions with Iran following the collapse of weekend peace talks. Brent crude surged 7.4% to above \$102 a barrel, as investors feared disruptions to energy shipments through the Strait of Hormuz, a vital oil transit route. Asian equities fell around 1%, while S&P 500 futures dropped 0.8%, reflecting concerns that higher oil prices could weigh on global growth. Some technology stocks, including Taiwan's MediaTek, outperformed on the back of strong sales. European equity futures pointed to a 1.5% decline at the open. The US dollar strengthened against all G10 currencies, remaining the preferred safe haven since the Middle East conflict escalated. Government bonds sold off, and Japan's 10-year yield climbed to 2.49%, its highest level since 1997, as rising energy costs reignited inflation fears.

Trump's renewed escalation rattled markets after global stocks had recorded their strongest weekly gain in more than two years, while Brent crude had just experienced its steepest weekly drop since 2022. Nevertheless, the relatively measured pullback suggests investors still hold cautious optimism that tensions could ease and broader economic fallout may be avoided. The US Central Command said the blockade of all maritime traffic to and from Iranian ports would take effect Monday at 10:00 a.m. New York time, following Trump's announcement. US forces stated they would continue to allow free navigation for vessels transiting the Strait of Hormuz to and from non-Iranian ports. Iran responded by saying it "will not allow" the blockade to proceed.

EUR/USD weakens on risk-off sentiment, which could be attributed to the United States-Iran peace talk failure. The pair is trading around 1.1670 during the Asian hours after opening at a gap down on Monday. From a technical perspective, the overnight breakout through the 1.1670 confluence – comprising the 200-day Simple Moving Average (SMA) and the 38.2% Fibonacci retracement level of the January-March slide – favors the EUR/USD bulls. Moreover, momentum indicators underpin the constructive tone, with the Relative Strength Index (RSI) hovering near 58, while staying short of overbought conditions, and the Moving Average Convergence Divergence (MACD) in positive territory. Meanwhile, initial resistance emerges at the 50.0% retracement around 1.1742, followed by the 61.8% Fib. level at 1.1820, with further barriers at 1.1931 and the prior swing high region near 1.2072. On the downside, immediate support is located at the 200-day SMA at 1.1672 and the nearby 38.2% Fib. retracement level at 1.1665, while deeper pullbacks would look toward the 23.6% level at 1.1568 and the March monthly swing low, just ahead of the 1.1400 round-figure mark.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1688	1.1708	1.1658	O/N SOFR	3.570	3.570
GBPUSD	1.3430	1.3433	1.3381	1 month SOFR	3.649	3.649
USDJPY	159.35	159.8500	159.35	3 month SOFR	3.669	3.669
USDINR	93.26	93.41	93.26	6 months SOFR	3.687	3.687
USDCNY	6.8363	6.8375	6.8328	12 month SOFR	3.694	3.694
USDCHF	0.7889	0.7934	0.7880	3 years IRS	3.613	3.583
AUDUSD	0.7033	0.7042	0.6986	5 years IRS	3.652	3.626
NZDUSD	0.5824	0.5849	0.5792	The yield on 10-year Treasuries advanced three basis points to 4.35%. Japan's 10-year yield advanced four basis points to 2.470%. Australia's 10-year yield advanced five basis points to 5.02%.		

The euro fell 0.3% to \$1.1688. The Japanese yen fell 0.3% to 159.72 per dollar. The offshore yuan was little changed at 6.8314 per dollar.

				Global Markets			
			Current Levels	Level	1-Day Change (%)	YTD (%)	
CBO Repo Rate			4.25	S&P 500	6817	-0.114	-0.42
O/N OMIBOR			4	Euro Stoxx 600	615	0.367	3.82
*Bank Deposit Rates for 1 years			3.75	Shanghai Composite Index	3979	-0.175	0.26
Bank Deposit Rates for 5 years			3.90	MSX-30	8179	0.200	39.42
*Amount > 500k OMR				NIFTY-50	23668	-1.590	-9.42
Calendar				Brent Crude (\$/bbl)	102.12	7.290	69.53
Key Data Watch	Time (GST)	Expected	Prior	Gold (\$/oz.)	4713	-0.771	9.12
Existing Home Sales	18:00	4.05m	4.09m	DXY	99	0.361	0.70
Existing Home Sales MoM	18:00	-0.8%	1.7%	Silver (\$/oz.)	74	-2.088	3.67

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