

Bank Dhofar Morning Market Update



Date: 13/08/26

Global Update

Global risk sentiment improved as softer-than-expected US inflation data reduced concerns of an imminent Federal Reserve rate hike, lifting equities and supporting bond markets. The MSCI All Country World Index edged closer to record highs, while Asian stocks gained nearly 1% in a technology-led rally, with South Korea's Kospi entering a bull market as Samsung Electronics and SK Hynix surged more than 5%. In the US, the S&P 500 finished just below record levels after September Fed hike expectations fell to around 35%. Treasury yields moved lower across the curve, with the 2-year yield declining to 4.18%, while Australian and New Zealand bonds also advanced. Brent crude fell 0.8% to USD 88.25 per barrel, ending a six-day rally, and gold touched a two-month high before trimming gains. US CPI rose 0.2% in July, in line with expectations, while core inflation remained at its slowest pace since March 2021, reinforcing expectations that the Fed may remain on hold. Despite the positive market reaction, investors remain cautious as persistent inflation pressures, elevated oil prices, and large US fiscal deficits continue to support higher long-term yields, with upcoming Treasury auctions expected to test market demand. Meanwhile, the AI-driven technology trade regained momentum, although mixed corporate earnings kept sentiment selective, with Cisco falling after uninspiring results and Cerebras Systems declining on weaker hardware sales.

The USD/JPY pair trades on a flat note near 159.40 during the Asian trading hours on Thursday. The potential upside for the pair might be limited due to a coordinated intervention in currency markets by US and Japanese authorities. The US Producer Price Index (PPI) report for July will be published later on Thursday. In the daily chart, USD/JPY holds a bearish near-term bias as spot remains below the 100-day simple moving average (SMA) and the Bollinger 20-day SMA, keeping the broader structure capped after the recent retreat from the 163.00 area. The Relative Strength Index (14) at 43.38 sits just under the neutral 50 line, hinting at waning upside momentum rather than outright oversold conditions. On the topside, initial resistance is set at the 100-day SMA at 160.00, followed by the Bollinger 20-day middle band near 160.65; a sustained break above this cluster would be needed to reopen the path toward the upper Bollinger band around 165.70. On the downside, the Bollinger 20-day lower band at 155.60 forms the next notable support, where buyers could attempt to slow the current corrective phase if selling pressure extends.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1526	1.1531	1.1520	O/N SOFR	3.640	3.640
GBPUSD	1.3495	1.3501	1.3487	1 month SOFR	3.642	3.642
USDJPY	159.42	159.4900	159.25	3 month SOFR	3.749	3.749
USDINR	95.36	95.37	95.35	6 months SOFR	3.877	3.877
USDCNY	6.7439	6.7447	6.7428	12 month SOFR	4.038	4.038
USDCHF	0.8136	0.8144	0.8126	3 years IRS	4.053	4.074
AUDUSD	0.7062	0.7067	0.7045	5 years IRS	4.082	4.107
NZDUSD	0.5858	0.5865	0.5828	US Treasury extended their rally, with the 10-year Treasury yield declining 2 basis points to 4.37% following softer US inflation data that reduced expectations of a		

Internal

The euro was little changed at \$1.1522, while the Japanese yen traded broadly stable at 159.45 per dollar, remaining close to levels that could keep intervention concerns in focus. The offshore yuan was also steady at 6.7456 per dollar. Meanwhile, the British pound held near \$1.3500, the Australian dollar traded around \$0.7060, and the New Zealand dollar hovered near \$0.5870, supported by improved risk sentiment following softer US inflation data and renewed strength in global equity markets.

points to 4.67% following softer US inflation data that reduced expectations of a near-term Federal Reserve rate hike. Meanwhile, Japan's 10-year yield rose 1.5 basis points to 2.855%, reflecting ongoing expectations of policy normalization by the Bank of Japan. Australia's 10-year yield declined 3 basis points to 4.99%, tracking the global bond rally as markets priced in a more patient Fed and improving inflation outlook.

				Global Markets			
			Current Levels		Level	1-Day Change (%)	YTD (%)
CBO Repo Rate			4.25				
O/N OMIBOR			4	S&P 500	7749	0.263	13.19
*Bank Deposit Rates for 1 years			4.45	Euro Stoxx 600	659	-0.156	11.36
				ShanghaiComposite Index	3963	0.417	-0.14
Bank Deposit Rates for 5 years			4.00	MSX-30	7482	0.203	27.53
*Amount>500k OMR				NIFTY-50	24326	-0.449	-6.90
Calendar				Brent Crude (\$/bbl)	88.60	-0.405	47.28
Key Data Watch	Time (GST)	Expected	Prior	Gold (\$/oz.)	4393	-0.343	1.71
Initial Jobless Claims	16:30	202k	199k	DXY	100	0.005	1.73
Continuing Claims	16:30		197.78k	Silver(\$/oz.)	65	-0.252	-9.08

For any Treasury related requirement, please contact:

Telephone: +968 2265 2721/2722/2731/2716

Disclaimer: Any information contained in this document should not be construed as an offer, invitation, solicitation, or advice of any kind to buy or sell any financial products or services offered by Bank Dhofar S.A.O.G ("Bank Dhofar S.A.O.G"), unless specifically stated so. Foreign exchange and derivative transactions involve numerous risks including among others, market, counterparty default and illiquidity risk. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You may consider asking advice from your advisers in making this assessment. No part of this report/document may be copied or redistributed by any recipient for any purpose without Bank Dhofar S.A.O.G's prior written consent. All information contained in this document has been obtained from official sources believed to be accurate and reliable and Bank Dhofar S.A.O.G makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Opinions, estimates and projections constitute the current judgment of the author as of the date of this report. They do not necessarily reflect the opinion of Bank Dhofar S.A.O.G and are subject to change without notice.