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	Open	High	Low
EURUSD	1.1526	1.1531	1.1520
GBPUSD	1.3495	1.3501	1.3487
USDJPY	159.42	159.4900	159.25
USDINR	95.36	95.37	95.35
USDCNY	6.7439	6.7447	6.7428
USDCHF	0.8136	0.8144	0.8126
AUDUSD	0.7062	0.7067	0.7045
NZDUSD	0.5858	0.5865	0.5828

Rates	Last Price	Previous Day Close
O/N SOFR	3.640	3.640
1 month SOFR	3.642	3.642
3 month SOFR	3.749	3.749
6 months SOFR	3.877	3.877
12 month SOFR	4.038	4.038
3 years IRS	4.053	4.074
5 years IRS	4.082	4.107

US Treasury extended their rally, with the 10-year Treasury yield declining 2 basis

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.

	Current Levels
CBO Repo Rate	4.25
O/N OMIBOR	4
***Bank Deposit Rates for 1 years**	4.45
Bank Deposit Rates for 5 years	4.00

*Amount>500k OMR

Calendar

Key Data Watch	Time (GST)	Expected	Prior
Initial Jobless Claims	16:30	202k	199k
Continuing Claims	16:30		197.78k

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7749	0.263	13.19
Euro Stoxx 600	659	-0.156	11.36
ShanghaiComposite Index	3963	0.417	-0.14
MSX-30	7482	0.203	27.53
NIFTY-50	24326	-0.449	-6.90
Brent Crude ($/bbl)	88.60	-0.405	47.28
Gold ($/oz.)	4393	-0.343	1.71
DXY	100	0.005	1.73
Silver($/oz.)	65	-0.252	-9.08

For any Treasury related requirement, please contact:
Telephone: +968 2265 2721/2722/2731/2716