Bank Dhofar Morning Market Update

Date: 18/08/26

Global Update

Global markets turned risk-off as rising concerns over US fiscal finances pushed Treasury yields higher, with the 30-year Treasury yield reaching 5.32%, its highest level since 2007. Asian bonds declined alongside Treasuries, while Japan's 10-year yield extended gains after touching multi-decade highs. Equities weakened across the region, with the MSCI Asia Pacific Index falling 0.7%, South Korea's Kospi reversing early gains to close lower, and US equity futures pointing to a softer Wall Street open.Oil prices rose as geopolitical tensions in the Middle East resurfaced after President Trump indicated he was not interested in extending the expiring US-Iran memorandum of understanding. Brent crude climbed 0.6% to USD 91.40/bbl, reviving inflation concerns and supporting higher energy prices. Gasoline futures remain nearly 60% above pre-conflict levels despite easing from recent highs.In fixed income, China's 10-year bond futures hit a record high following weaker-than-expected economic data, highlighting concerns over slowing growth. Meanwhile, foreign holdings of US Treasuries declined in June, led by reduced positions from Japan and China. The US 10-year Treasury yield rose to 4.73%, while the dollar remained near its weakest level since May. Gold eased 0.4% to around USD 4,400/oz as investors weighed higher yields against ongoing geopolitical risks.Benchmark brent crude prices rose for a third day to above $91 a barrel as President Donald Trump said he's not interested in extending an expiring agreement with Tehran.While Iran is negotiating with Oman on how the waterway should be managed, Washington is not part of those talks. Trump has threatened to bomb Oman if it got in the way of a US blockade, Fox News reported.
AUD/USD extended gains for a third consecutive session to around 0.7110, supported by broad US dollar weakness as expectations for further Fed rate hikes continue to fade. The pair maintains a bullish bias while holding above key support at 0.7105, with additional supports at 0.7087 and 0.7058. On the upside, immediate resistance is seen at 0.7111, and a sustained break above this level could signal further upside. The RSI at 65 points to firm bullish momentum without entering overbought territory, keeping the near-term outlook constructive.

Source: Reuters, Bloomberg

Currencies

	Open	High	Low
EURUSD	1.1580	1.1586	1.1570
GBPUSD	1.3544	1.3554	1.3531
USDJPY	159.46	159.7500	159.30
USDINR	95.67	95.69	95.64
USDCNY	6.7434	6.7441	6.7422
USDCHF	0.8108	0.8119	0.8100
AUDUSD	0.7105	0.7114	0.7100
NZDUSD	0.5902	0.5909	0.5879

In currency markets, the euro was little changed at 1.1572 against the US

Rates

	Last Price	Previous Day Close
O/N SOFR	3.620	3.620
1 month SOFR	3.639	3.639
3 month SOFR	3.728	3.728
6 months SOFR	3.832	3.832
12 month SOFR	3.970	3.970
3 years IRS	4.069	4.053
5 years IRS	4.117	4.101

Global bond markets remained under pressure as investors continued to reassess sovereign debt risks and persistent inflation concerns. The US 10-year Treasury yield rose 1 basis point to 4.73%, extending recent gains amid concerns over rising dollar, while sterling traded near 1.3536, supported by broad dollar weakness. The Australian dollar held firm around 0.7104, benefiting from resilient risk sentiment despite the broader market selloff. Meanwhile, the Japanese yen was little changed at 159.56 per dollar and the offshore yuan remained steady at 6.7453 per dollar.

government borrowing requirements and declining foreign demand for Treasuries. In Asia, Japan's 10-year government bond yield increased 2 basis points to 2.94%, building on gains after reaching multi-decade highs, while Australia's 10-year yield advanced 4 basis points to 5.08% as higher oil prices and rising global yields weighed on sentiment.

	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
ADP Weekly Employment Change	16:15		8.25k
New York Fed Services Business Activity	16:30	4.6	8.7

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7745	-0.523	13.14
Euro Stoxx 600	656	-0.220	10.84
ShanghaiComposite Index	3967	-0.393	-0.05
MSX-30	7541	0.078	28.53
NIFTY-50	24226	-0.255	-7.29
Brent Crude ($/bbl)	91.47	0.704	52.09
Gold ($/oz.)	4394	-0.507	1.72
DXY	100	0.018	1.36
Silver($/oz.)	65	-0.881	-9.01

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