

Bank Dhofar Morning Market Update



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Global Update

Asian equities weakened despite Wall Street reaching fresh record highs, as optimism surrounding the upcoming US earnings season failed to translate into regional markets. The MSCI Asia Pacific Index fell 0.6%, weighed down by declines in technology shares across South Korea and Hong Kong, while US equity futures and European stock futures also turned lower after an initially positive start. The US dollar strengthened against all major G10 currencies, reflecting a cautious risk sentiment, while Bitcoin declined 1.6% to around \$84,200. In commodities, oil prices advanced after reports of increased Iranian attacks on tankers transiting the Strait of Hormuz, supporting concerns over supply disruptions. Brent crude rose nearly 1% to approximately \$101.50 per barrel. The rise in oil prices added pressure on global bond markets, pushing US Treasury yields higher, with the benchmark 10-year yield climbing three basis points to 5.31%. European fixed-income markets also came under pressure, with French bond futures underperforming German counterparts as investors continued to assess fiscal concerns surrounding France's budget deficits. Overall, markets adopted a more defensive tone as higher energy prices, rising bond yields, and geopolitical tensions tempered the positive momentum generated by US technology stocks.

GBP/USD edged lower toward 1.3250 during Asian trading on Wednesday, surrendering part of the previous session's gains as the US Dollar strengthened. Rising oil prices have reignited concerns that inflationary pressures could remain elevated, potentially reinforcing expectations that the Federal Reserve may keep interest rates higher for longer. Market participants are now focused on the release of the FOMC meeting minutes, which could provide further clues on the Fed's policy outlook and influence near-term USD direction.

From a technical perspective, the pair maintains a bearish bias on the daily chart. GBP/USD continues to trade below both the 9-day EMA at 1.3259 and the 50-day EMA at 1.3387, indicating that sellers remain in control. Momentum indicators also favour the downside, with the 14-day RSI at 39.3, below the neutral 50 level, suggesting bearish momentum persists and that a meaningful recovery has yet to emerge. On the upside, the immediate hurdle lies at the 9-day EMA near 1.3260. A sustained move above this level could open the door for a test of the more significant 50-day EMA resistance at 1.3387. However, unless the pair manages a daily close above this zone, rallies are likely to attract fresh selling interest. On the downside, continued USD strength and hawkish Fed expectations could keep pressure on sterling, leaving the pair vulnerable to further declines in the near term.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1259	1.1263	1.1228	O/N SOFR	3.890	#N/A N/A
GBPUSD	1.3276	1.3276	1.3247	1 month SOFR	3.914	3.914

USDJPY	158.10	158.5100	158.10	3 month SOFR	4.018	4.018
USDINR	96.43	96.46	96.34	6 months SOFR	4.168	4.168
USDCNY	6.7051	6.7061	6.7031	12 month SOFR	4.453	4.453
USDCHF	0.8317	0.8336	0.8314	3 years IRS	4.737	4.717
AUDUSD	0.6982	0.6985	0.6970	5 years IRS	4.782	4.758
NZDUSD	0.5623	0.5627	0.5605			

The US Dollar strengthened broadly against major currencies, with the euro falling 0.2% to \$1.1238, the Japanese yen weakening 0.2% to 158.41 per dollar, and the offshore yuan holding relatively steady at 6.7042 per dollar. Sterling also came under pressure, with GBP/USD slipping toward 1.3250 amid renewed demand for the greenback, while the Australian dollar eased as risk sentiment softened and higher oil prices supported the US Dollar. The move reflected a more cautious market tone as investors weighed rising energy prices, inflation concerns, and expectations surrounding future Federal Reserve policy decisions.

Global bond markets remained under pressure as rising oil prices fueled inflation concerns and reduced expectations for aggressive policy easing. The yield on the benchmark 10-year US Treasury note rose three basis points to 5.30%, reflecting investor caution amid higher energy costs and geopolitical tensions in the Middle East. Meanwhile, Australia's 10-year government bond yield was little changed at 5.40%, as markets balanced the impact of rising global yields against domestic economic considerations. The move higher in Treasury yields reinforced broad US Dollar strength and weighed on risk-sensitive assets across global markets.

				Global Markets			
Current Levels					Level	1-Day Change (%)	YTD (%)
CBO Repo Rate							
O/N OMIBOR				S&P 500	7819	0.579	14.22
*Bank Deposit Rates for 1 years				Euro Stoxx 600	637	0.475	7.50
				ShanghaiComposite Index	3842	0.307	-3.19
Bank Deposit Rates for 5 years				MSX-30	7788	0.754	32.75
*Amount>500k OMR				NIFTY-50	22623	-0.672	-13.42
				Brent Crude (\$/bbl)	101.53	0.964	68.63
				Gold (\$/oz.)	4142	-0.528	-4.10
				DXY	102	0.222	3.80
				Silver(\$/oz.)	61	-0.797	-15.09

Calendar			
Key Data Watch	Time (GST)	Expected	Prior
MBA Mortgage Applications	15:00		-6.0%
NY Fed 1-Yr Inflation Expectations	19:00	3.64%	3.58%

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