Bank Dhofar Morning Market Update

Date: 21/09/26

Global Update

Global markets traded with a positive risk tone as equities advanced on growing optimism surrounding US-China relations ahead of the upcoming summit between Presidents Trump and Xi. Asian stocks gained, lifting the MSCI All Country World Index toward its third consecutive rise, while US equity futures pointed to further gains led by technology shares. Sentiment was also supported by a decline in oil prices, with Brent crude falling for a fourth straight session to around $101.65 per barrel, easing inflation concerns and boosting bond markets. Investors welcomed reports that recent US-China trade discussions were "very successful," with both sides agreeing to establish an AI dialogue while continuing efforts to reduce trade barriers on selected products. Market focus now shifts to the Trump-Xi meeting, which is expected to address trade, technology and geopolitical issues, particularly AI competition. Despite the improved mood, investors remain cautious amid ongoing concerns over the Iran conflict, elevated inflation, rising global bond yields and heavy AI-related spending. In currencies, the Japanese yen stabilised near 157 per dollar after recent weakness, with markets remaining alert to potential intervention by Japanese authorities. Gold edged lower, while agricultural commodities such as wheat and corn rose on expectations of improved trade relations. Meanwhile, stronger energy supply flows through the Strait of Hormuz and falling crude prices helped offset concerns over rising diesel costs and broader energy market volatility.
The EUR/USD pair remains under pressure after failing to build on Friday's rebound from the mid-1.1400s, its lowest level since late July. The pair is trading around 1.1475, with the near-term bias remaining bearish as prices continue to hold below the 100-day SMA at 1.1546 and the key 61.8% Fibonacci retracement level at 1.1486. Immediate support is seen at 1.1426 (78.6% Fibonacci retracement), followed by a stronger floor around 1.1350. On the upside, the pair needs to regain 1.1486 to ease downside pressure, with further resistance located at 1.1529 (50% retracement) and the 100-day SMA at 1.1546. A sustained move above these levels would improve the technical outlook and open the door toward 1.1571 and subsequently 1.1623. Rising geopolitical tensions continue to support safe-haven demand for the US dollar, limiting the euro's recovery prospects in the near term.

Source: Reuters, Bloomberg

Currencies			
	Open	High	Low
EURUSD	1.1483	1.1487	1.1475
GBPUSD	1.3386	1.3394	1.3374

Rates		
	Last Price	Previous Day Close
O/N SOFR	3.850	#N/A N/A
1 month SOFR	3.899	3.899

USDJPY	156.81	157.1100	156.58	3 month SOFR	4.023	4.023
USDINR	95.81	95.85	95.72	6 months SOFR	4.188	4.188
USDCNY	6.6967	6.6969	6.6958	12 month SOFR	4.461	4.461
USDCHF	0.8221	0.8233	0.8217	3 years IRS	4.616	4.635
AUDUSD	0.7117	0.7131	0.7111	5 years IRS	4.592	4.592
NZDUSD	0.5726	0.5728	0.5716			

The euro was little changed at $1.1475. The British pound was little changed at $1.3380. The Japanese yen was little changed at ¥156.95 per dollar. The offshore yuan was little changed at 6.6949 per dollar. The Australian dollar was little changed at $0.7126.

Treasury futures edged higher in Asian trading as Japan's cash bond market remained closed for a public holiday. In Friday's US session, Treasury yields rose sharply, with the 2-year yield increasing 8 basis points to 4.74% and the benchmark 10-year yield climbing 7 basis points to 5.00%, reflecting expectations of further Federal Reserve policy tightening.

	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	4.45

*Amount>500k OMR

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7651	0.167	11.76
Euro Stoxx 600	635	-1.113	7.31
ShanghaiComposite Index	3933	0.549	-0.89
MSX-30	7580	-0.304	29.20
NIFTY-50	23402	0.237	-10.44
Brent Crude ($/bbl)	101.73	-2.051	69.03
Gold ($/oz.)	4365	-0.318	1.05
DXY	100	0.088	2.02
Silver($/oz.)	66	0.264	-7.30

Calendar

Key Data Watch	Time (GST)	Expected	Prior
Fed's Goolsbee Speaks at Event	14:30	-0.04	-0.08
Chicago Fed Nat Activity Index	16:30		16.25k

For any Treasury related requirement, please contact:
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