Bank Dhofar Morning Market Update

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Global Update

Stocks continued to slide and government bonds faced heavy selling as Iran expanded its attacks on the US and its allies in the Middle East. The escalating tensions drove oil prices higher and intensified inflation worries, while gold advanced on increased safe-haven demand.The MSCI Asia Pacific Index fell as much as 2.2%, marking its steepest two-day drop since April. South Korea's Kospi, one of the strongest global equity performers this year, sank up to 5.6% after markets reopened following a long holiday. US and European equity futures were also lower, signaling further potential declines.Oil remained the central focus for investors as the US and Israel increased military pressure on Iran, and Tehran warned it may fully close the Strait of Hormuz, a critical route for global crude shipments. Brent crude climbed toward $79.50 per barrel after Monday's nearly 7% surge.The jump in oil prices heightened concerns over the global inflation outlook, prompting traders from Sydney to Tokyo to sell off government bonds.As investors moved away from riskier assets, safe havens saw renewed interest. Gold climbed 0.8% to around $5,365 an ounce, while silver advanced 0.6%, nearing $90 an ounce. The Bloomberg Dollar Spot Index also remained firm after its 0.7% gain in the previous session.

The conflict involving Iran has resurfaced inflation risks across global markets, dimming the outlook for government bonds that had recently enjoyed their strongest start to a year since the pandemic.Since Monday, traders across Sydney to Tokyo have been selling government debt as they assess how a prolonged Middle East conflict might push oil prices higher and intensify inflationary pressures. These concerns are reducing the safe-haven attractiveness of fixed-income assets, with government bonds in the US, Japan, Australia, New Zealand, and South Korea all recording losses this week.

Gold is finding renewed bids in Asian trades on Tuesday, making another attempt to regain the $5,400 level amid persistent demand for safe-haven assets as the Iran war extends. The near-term bias is bullish as price holds well above the 21-, 50-, 100- and 200-day Simple Moving Averages (SMAs), which all trend higher and signal entrenched upside control. The metal is consolidating above the 78.6% Fibonacci retracement at $5,341.96, measured from the $4,401.99 low to the $5,597.89 high, keeping the broader uptrend intact after recent volatility. The Relative Strength Index (RSI) at 64.75 remains above the 50 midline, indicating firm bullish momentum without yet entering overbought territory.Immediate support emerges at the 78.6% retracement at $5,341.96, followed by the 61.8% retracement at $5,141.05, where prior reaction lows and the rising 50-day SMA cluster to reinforce the zone. A deeper pullback would expose the 50% retracement at $4,999.94, which aligns with the rising 21-day SMA and marks a pivotal level to preserve the prevailing uptrend. On the upside, initial resistance stands near the recent peak at $5,597.89; a daily close above this barrier would open the way toward new highs and extend the bullish phase.

Source: Reuters, Bloomberg

Currencies

	Open	High	Low
EURUSD	1.1688	1.1707	1.1679
GBPUSD	1.3407	1.3425	1.3382
USDJPY	157.40	157.6000	157.18
USDINR	91.25	91.48	91.23
USDCNY	6.8797	6.8864	6.8762
USDCHF	0.7792	0.7810	0.7785
AUDUSD	0.7093	0.7123	0.7087
NZDUSD	0.5941	0.5956	0.5934

USD/JPY down 0.1% to 157.31, AUD/USD rose 0.2% to 0.7109, NZD/USD rose 0.1% to 0.5944, GBP/USD little changed at 1.34, EUR/USD steady at 1.1690.

Rates

	Last Price	Previous Day Close
O/N SOFR	3.680	3.680
1 month SOFR	3.667	3.667
3 month SOFR	3.666	3.666
6 months SOFR	3.618	3.618
12 month SOFR	3.467	3.467
3 years IRS	3.271	3.258
5 years IRS	3.338	3.323

US 2-year yields flat at 3.47%, while 10-year yields gain 0.6bps to 4.04%.Japan's 10-year yield advanced six basis points to 2.120% Australia's 10-year yield advanced 11 basis points to 4.74%

	Current Levels
CBO Repo Rate	4.25
O/N OMIBOR	4
***Bank Deposit Rates for 1 years**	3.75
Bank Deposit Rates for 5 years	3.90

*Amount>500k OMR

Calendar

Key Data Watch	Time (GST)	Expected	Prior
Wards Total Vehicle Sales		15.37m	14.85m

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	6882	0.040	0.53
Euro Stoxx 600	624	-1.612	5.31
ShanghaiComposite Index	4179	-0.075	5.31
MSX-30	7369	1.108	25.61
NIFTY-50	24866	-1.243	-4.84
Brent Crude ($/bbl)	79.81	2.676	32.33
Gold ($/oz.)	5361	0.725	24.11
DXY	99	0.245	0.31
Silver($/oz.)	90	0.518	25.37

For any Treasury related requirement, please contact:
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