Bank Dhofar Morning Market Update

Date: 20/08/26

Global Update

Asian markets opened stronger as improved risk sentiment lifted both bonds and equities. The key catalyst was the US Treasury's decision to significantly increase long-dated bond buybacks, helping ease upward pressure on borrowing costs and driving a rally in global government bonds. US Treasury yields declined sharply, with the 30-year yield falling from multi-year highs, supporting gains across Asian bond markets and contributing to a weaker US dollar.Equity sentiment improved across the region, with MSCI Asia Pacific rising 1.4%, led by South Korea's Kospi. Technology shares outperformed after SK Hynix announced a share buyback programme, while Samsung surged on reports of a substantial shareholder return initiative. US equity futures also advanced, signalling a more constructive tone for global risk assets.In commodities, gold retreated slightly after recent gains, while Brent crude extended its rally above USD 92/bbl amid escalating geopolitical tensions involving Iran. Bitcoin climbed towards USD 69,000 following supportive comments from President Trump regarding cryptocurrency legislation.

Despite the rebound, investors remain cautious as concerns over persistent inflation, rising government debt levels, and heavy corporate borrowing to fund AI-related investments continue to pressure long-term bond markets. Recent US Treasury auctions also highlighted higher funding costs, with yields reaching levels last seen during the 2001–2007 period.

USD/JPY edged higher toward 158.50 during Asian trading as the yen remained pressured by wide interest-rate differentials, fiscal concerns and elevated import costs. Technically, the pair remains below its 20-day EMA at 159.82, keeping the near-term bias mildly bearish despite the recent rebound. The RSI at 43.36 signals neutral momentum, suggesting consolidation rather than a strong bullish breakout. A sustained close above 159.82 would ease downside pressure and improve the outlook, while failure to reclaim this level could leave the pair vulnerable to further corrective weakness.

Source: Reuters, Bloomberg

Currencies

	Open	High	Low
EURUSD	1.1677	1.1684	1.1670
GBPUSD	1.3606	1.3617	1.3595
USDJPY	158.17	158.5600	158.03
USDINR	95.57	95.67	95.57

Rates

	Last Price	Previous Day Close
O/N SOFR	3.650	3.650
1 month SOFR	3.652	3.652
3 month SOFR	3.733	3.733
6 months SOFR	3.837	3.837

USDCNY	6.7273	6.7272	6.7211
USDCHF	0.7974	0.8002	0.7970
AUDUSD	0.7125	0.7129	0.7103
NZDUSD	0.5936	0.5957	0.5926

EUR/USD held steady at 1.1675, GBP/USD remained firm near 1.3615, and AUD/USD traded around 0.7125, benefiting from the softer USD backdrop, while the offshore yuan gained 0.1% to 6.7238 per dollar. In contrast, the Japanese yen weakened 0.2% to 158.45 per dollar as investors reduced safe-haven positions amid the improved market mood.

12 month SOFR	3.978	3.978
3 years IRS	4.036	4.037
5 years IRS	4.071	4.072

Global bond markets rallied after the US Treasury announced increased long-dated bond buybacks, easing concerns over rising borrowing costs and supporting investor sentiment. The US 10-year Treasury yield fell to 4.63%, while Japan's 10-year yield declined to 2.835% and Australia's 10-year yield dropped to 5.00%, reflecting stronger demand for sovereign debt and a broader pullback in global yields.

	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	210k	209k
Continuing Claims	1788k		1777k

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7708	0.211	12.60
Euro Stoxx 600	651	-0.113	9.96
ShanghaiComposite Index	3905	0.277	-1.60
MSX-30	7547	-0.044	28.63
NIFTY-50	24198	0.496	-7.39
Brent Crude ($/bbl)	91.96	0.393	52.87
Gold ($/oz.)	4487	-0.631	3.88
DXY	99	-0.016	0.50
Silver($/oz.)	67	-0.148	-6.68

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