

Bank Dhofar Morning Market Update



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Global Update

Recent optimism in global markets faded as geopolitical tensions in the Middle East intensified, leading investors to retreat from risk. Equity markets lost momentum, with S&P 500 futures slipping 0.5% and European shares expected to open 0.8% lower. Earlier gains in Asian equities, which rose 1.6%, came before sentiment turned cautious. The shift followed reports that US-aligned Gulf states may be moving closer to direct confrontation with Iran, while Iranian officials reiterated their refusal to engage in talks with the United States. Oil prices climbed sharply, with Brent crude rising 4% to around USD 104 a barrel as renewed concerns over supply disruptions resurfaced. The Strait of Hormuz remains largely closed, with only minimal vessel movement, heightening fears about the stability of global oil flows. In currency and fixed-income markets, the dollar strengthened, with the Bloomberg Dollar Spot Index up 0.3%. US two-year Treasury yields moved four basis points higher as markets priced in the possibility that elevated oil prices could increase pressure for a Federal Reserve rate hike.

Gold extended its downturn, falling another 1.5% and deepening its record streak of consecutive daily declines as investors shifted into cash and dollar assets. Overall, the market reversal marks a sharp contrast to Monday's brief relief rally, when US equity markets surged and oil prices fell after President Trump signaled a potential delay in strikes on Iranian energy sites. With no meaningful signs of de-escalation, risk sentiment has turned decisively more cautious. EUR/USD is trading at 1.1572, with signs that bullish momentum is fading. The RSI is easing toward the 50 mark, while the price is consolidating around the 20- and 50-period Simple Moving Averages in the 1.1530–1.1520 area. The broader technical structure remains constrained by the downward-sloping 100- and 200-period SMAs positioned well above current levels, suggesting that the latest upswing is corrective within a broader bearish trend. Meanwhile, the Bollinger Bands are relatively flat, and the pair is hovering near the middle line, pointing to subdued volatility.

A break below the 1.1530–1.1520 zone could open the door toward 1.1500, a key static and psychological level, followed by the 1.1460–1.1450 region, where the lower Bollinger Band aligns with another horizontal support. On the upside, the first notable resistance sits at 1.1590–1.1610, an area defined by the 100-period SMA and the upper Bollinger Band, with further resistance expected near 1.1670.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1613	1.1618	1.1576	O/N SOFR	3.620	3.620
GBPUSD	1.3431	1.3438	1.3386	1 month SOFR	3.678	3.678
USDJPY	158.44	158.7900	158.28	3 month SOFR	3.706	3.706
USDINR	93.64	93.85	93.64	6 months SOFR	3.728	3.728
USDCNY	6.8877	6.8956	6.8875	12 month SOFR	3.756	3.756
USDCHF	0.7863	0.7890	0.7860	3 years IRS	3.677	3.632
AUDUSD	0.7011	0.7024	0.6960	5 years IRS	3.701	3.663
NZDUSD	0.5859	0.5870	0.5826			

The euro fell 0.3% to \$1.1581. The Japanese yen fell 0.2% to 158.74 per dollar. The offshore yuan fell 0.2% to 6.8960 per dollar.

The yield on 10-year Treasuries advanced four basis points to 4.38%. Japan's 10-year yield declined 3.5 basis points to 2.270%. Australia's 10-year yield declined eight basis points to 5.04%.

				Global Markets			
			Current Levels	Level	1-Day Change (%)	YTD (%)	
CBO Repo Rate			4.25	S&P 500	6581	1.145	-3.86
O/N OMIBOR			4	Euro Stoxx 600	577	0.610	-2.60
*Bank Deposit Rates for 1 years			3.75	Shanghai Composite Index	3849	0.946	-3.01
Bank Deposit Rates for 5 years			3.90	MSX-30	7765	1.316	32.36
*Amount > 500k OMR				NIFTY-50	22754	1.072	-12.92
Calendar				Brent Crude (\$/bbl)	104.07	4.133	72.53
Key Data Watch	Time (GST)	Expected	Prior	Gold (\$/oz.)	4340	-1.517	0.49
ADP Weekly Employment Change	16:15		9.0k	DXY	99	0.489	1.13
Philadelphia Fed Non-Manufacturing Activity	16:30	-15.7	-17.3	Silver (\$/oz.)	67	-3.217	-6.63

For any Treasury related requirement, please contact:

Telephone: +968 2265 2721/2722/2731/2716

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