Bank Dhofar Morning Market Update

BankDhofar بنك ظفار

Date: 02/09/26

Global Update

Global markets came under broad pressure as escalating tensions between the US and Iran pushed energy prices higher, intensifying inflation concerns and reinforcing expectations of further monetary tightening by major central banks. MSCI Asia Pacific equities fell 2%, with all industry sectors declining and losers outnumbering gainers five-to-one, while the MSCI All Country World Index dropped to its lowest level in nearly a month. European futures also pointed to a third consecutive session of losses as investors reduced exposure to risk assets. Brent crude gained 0.8% to USD 95.35 per barrel, marking its fourth advance in five sessions, while diesel prices reached a four-month high and European natural gas prices climbed to their highest levels since 2023 amid concerns that renewed conflict could disrupt energy flows through the Strait of Hormuz. Higher oil prices added further pressure on bond markets, driving global yields to their highest levels since 2008, with the US 10-year Treasury yield rising to 4.81% as traders increased bets that the Federal Reserve and other major central banks will continue raising interest rates. Markets are now pricing a high probability of policy tightening across the Fed, ECB, Bank of Japan and Reserve Bank of Australia, as central banks grapple with inflation risks amplified by higher energy costs, persistent fiscal spending and heavy corporate borrowing linked to AI investments. Gold extended its recent decline, falling 0.7% to below USD 4,300 per ounce after losing nearly 6% over the previous three sessions, as rising yields reduced the appeal of non-interest-bearing assets. Despite the broader market weakness, select technology stocks remained resilient, with Dell Technologies gaining after raising its sales outlook and reports suggesting Nvidia is in advanced talks to acquire AI startup Hugging Face in a USD 14 billion deal. Overall, the combination of rising oil prices, higher global bond yields and increasing expectations for further central bank tightening continues to support the US dollar and weigh on equities, bonds and precious metals, keeping market sentiment defensive in the near term.

GBP/USD remains under pressure and has slipped toward the 1.3500 area as renewed Middle East tensions boost demand for the safe-haven US dollar. Despite the recent weakness, the broader technical structure remains cautiously constructive, with the pair holding above its 100-day SMA at 1.3443, indicating underlying buying interest on dips. However, upside momentum remains limited as price continues to trade below the Bollinger Band mid-line, while the RSI near 47 suggests neutral momentum and a consolidative market environment. Immediate resistance is located around 1.3550, the Bollinger mid-band, with a sustained break above this level potentially opening the way toward 1.3665. On the downside, 1.3500 remains key near-term support, followed by the 100-day SMA at 1.3443 and the lower Bollinger Band at 1.3435. A break below this support cluster would weaken the current constructive outlook and could trigger deeper losses. Overall, the near-term bias is neutral to mildly bearish below 1.3550, while holding above 1.3440 keeps the broader uptrend intact.

Source: Reuters, Bloomberg

Currencies

	Open	High	Low
EURUSD	1.1593	1.1596	1.1576
GBPUSD	1.3516	1.3519	1.3500
USDJPY	160.17	160.3900	160.14
USDINR	94.92	94.96	94.92
USDCNY	6.7235	6.7249	6.7224
USDCHF	0.8116	0.8134	0.8113
AUDUSD	0.7145	0.7154	0.7134
NZDUSD	0.5892	0.5898	0.5834

The euro fell 0.1% to $1.1579, the Japanese yen was little changed at 160.22 per dollar, and the offshore yuan held steady at 6.7239 per dollar. Meanwhile, sterling traded near $1.3500, pressured by safe-haven demand for the US dollar amid heightened geopolitical tensions, while the Australian dollar hovered around $0.7170, weighed by rising global bond yields and cautious risk sentiment as markets priced in further central bank tightening.

Rates

	Last Price	Previous Day Close
O/N SOFR	3.680	#N/A N/A
1 month SOFR	3.708	3.708
3 month SOFR	3.801	3.801
6 months SOFR	3.936	3.936
12 month SOFR	4.114	4.114
3 years IRS	4.272	4.269
5 years IRS	4.286	4.282

Bond markets remained under pressure, with the US 10-year Treasury yield holding near 4.80%, reflecting persistent inflation concerns and expectations of further monetary tightening. Meanwhile, Japan's 10-year government bond yield rose 1 basis point to 3.015%, extending its move to multi-decade highs, while Australia's 10-year government bond yield advanced 4 basis points to 5.22%, remaining near levels last seen in 2011 as investors demanded higher compensation for holding longer-dated debt amid rising global inflation and energy price risks.

	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	7631	-0.711	11.48
Euro Stoxx 600	647	-0.559	9.33
ShanghaiComposite Index	3947	-0.820	-0.54
MSX-30	7611	0.092	29.73
NIFTY-50	23816	-0.998	-8.86
Brent Crude ($/bbl)	95.45	0.845	58.58
Gold ($/oz.)	4306	-0.534	-0.32
DXY	100	0.090	1.47
Silver($/oz.)	64	-0.531	-11.06

Calendar

Key Data Watch	Time (GST)	Expected	Prior
MBA Mortgage Applications	15:00		-1.0%
ADP Employment Change	16:15	47k	47k

For any Treasury related requirement, please contact:
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