

Bank Dhofar Morning Market Update



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Global Update

Global markets started the week on a cautiously positive note, with equity and bond futures advancing despite renewed geopolitical tensions in the Middle East. Investors largely looked through the latest Houthi attacks on Saudi Arabia, focusing instead on easing oil prices and signs that energy supply disruptions may remain contained. S&P 500 futures rose 0.3% and European futures gained 0.6%, while Asian markets were mixed, with South Korea's Kospi falling 3% after reopening from a holiday break. Brent crude retreated 1.5% to around USD 103 per barrel after briefly spiking above USD 105 following strikes targeting Riyadh's main airport. Market sentiment was supported by resilient energy flows from the region and reports of an energy-related ceasefire understanding between Russia and Ukraine. Government bond futures edged higher, reflecting a modest risk-off tone, while the Indian rupee strengthened 1% after the Reserve Bank of India announced strong measures to stabilise the currency.

Nevertheless, geopolitical risks remain elevated, and persistent tensions around the Strait of Hormuz could keep oil prices supported, posing upside risks to inflation ahead of key US and European inflation data releases later this week.

EUR/USD has staged a modest recovery towards the 1.1215 area in early Asian trading after recent heavy selling pressure, supported by a softer US dollar following weaker-than-expected US consumer sentiment data. However, the broader technical outlook remains cautious, with traders awaiting comments from ECB Vice President Boris Vujčić for further policy cues. From a technical perspective, the pair remains under pressure as it continues to trade below both the 100-day Simple Moving Average (SMA) and the 20-day Bollinger Band midline, signalling that the prevailing trend remains bearish. Momentum indicators also point to a stretched market, with the 14-day Relative Strength Index (RSI) hovering near 27, firmly in oversold territory. While this could encourage short-covering rallies and periods of consolidation, it is not yet a clear signal of a trend reversal. On the downside, immediate support is seen near 1.1125, coinciding with the lower Bollinger Band, where profit-taking by bearish positions could emerge. On the upside, initial resistance is located around 1.1345 at the 20-day Bollinger Band midpoint, followed by the 100-day SMA at 1.1490. A sustained move above these levels would be required to ease the current bearish bias and improve the medium-term outlook. Until then, rallies are likely to be viewed as corrective within a broader downtrend.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1195	1.1217	1.1186	O/N SOFR	3.870	#N/A N/A
GBPUSD	1.3237	1.3253	1.3227	1 month SOFR	3.925	3.925
USDJPY	158.24	158.4000	158.08	3 month SOFR	4.039	4.039

USDINR	95.76	95.99	95.61	6 months SOFR	4.193	4.193
USDCNY	6.6925	6.6937	6.6918	12 month SOFR	4.472	4.472
USDCHF	0.8294	0.8308	0.8293	3 years IRS	4.707	4.707
AUDUSD	0.6979	0.6995	0.6968	5 years IRS	4.730	4.730
NZDUSD	0.5611	0.5619	0.5602			

The euro edged up 0.1% to \$1.1212, recovering modestly against a softer US dollar, while the Japanese yen was little changed at 158.23 per dollar and the offshore Chinese yuan held steady at 6.6927 per dollar. Elsewhere, the British pound traded firm against the dollar, supported by resilient UK economic expectations, while the Australian dollar remained broadly stable as investors weighed improving risk sentiment against uncertainty surrounding global growth and commodity demand.

Australia’s 10-year government bond yield declined by 2 basis points to 5.32%, while US Treasury futures edged higher amid a cautious risk environment, reflecting continued demand for safe-haven assets despite improving sentiment in equity markets. Japanese government bonds were also supported, with investors remaining defensive as geopolitical tensions in the Middle East persisted. Overall, global bond markets saw modest gains as traders balanced easing oil prices and softer inflation concerns against the risk of further disruptions to energy supplies and broader economic uncertainty.

				Global Markets			
			Current Levels		Level	1-Day Change (%)	YTD (%)
CBO Repo Rate			4.5				
O/N OMIBOR			4	S&P 500	7812	0.595	14.11
*Bank Deposit Rates for 1 years			4.45	Euro Stoxx 600	632	0.966	6.65
				ShanghaiComposite Index	3809	-0.124	-4.03
Bank Deposit Rates for 5 years			4.45	MSX-30	7852	0.254	33.84
*Amount>500k OMR				NIFTY-50	22501	-0.086	-13.89
Calendar				Brent Crude (\$/bbl)	103.33	-1.308	71.62
				Gold (\$/oz.)	4198	0.096	-2.80
Key Data Watch	Time (GST)	Expected	Prior			-0.043	
NFIB Small Business Optimism	14:00	98.2	98.7	DXY	102		3.91
ADP Weekly Employment Change	16:15		23.750k	Silver(\$/oz.)	61	0.379	-14.81

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