Bank Dhofar Morning Market Update

Date: 20/07/26

Global Update

Oil rose to its highest level in more than a month, with Brent crude climbing as much as 3.8% to USD 91.42/bbl, as escalating US-Iran tensions and expanding military strikes reignited concerns over energy supply disruptions and inflation. The move pressured global bond markets, with US Treasury futures and Australian/New Zealand government bonds declining on expectations that higher oil prices could complicate the inflation outlook. Equity markets were mixed, with Nasdaq futures rebounding after last week's technology-led selloff triggered by Chinese AI startup Moonshot AI's breakthrough model, while Asian stocks fluctuated and South Korea's Kospi fell sharply. The renewed focus on geopolitical risk comes just as recent US inflation data had strengthened hopes of a more benign price environment, raising concerns that sustained oil strength could challenge expectations around Federal Reserve policy. Investors will now closely watch upcoming US economic data for signs of continued resilience, which could reinforce market expectations of a Fed rate hike in September or October, supporting the US dollar while posing further headwinds for bonds and broader risk assets.
EUR/USD remains supported as the US Dollar hovers near a four-week low following weaker-than-expected US inflation data, with June PPI unexpectedly falling 0.3% after a soft CPI reading, prompting markets to pare expectations of an immediate Federal Reserve rate hike. The softer rate outlook continues to weigh on the dollar and provides a tailwind for the euro. From a technical perspective, the pair's recent rally stalled near the 200-period SMA on the 4-hour chart at 1.1477 after breaking above the 23.6% Fibonacci retracement of the April-June decline. Momentum indicators remain neutral-to-slightly bearish, with the RSI near 50 and the MACD drifting lower, suggesting limited upside in the near term. Key support lies at 1.1330, which coincides with the latest swing low, while a sustained break above 1.1477 and the 38.2% retracement at 1.1508 could pave the way for further gains towards 1.1563 and 1.1618.

Source: Reuters, Bloomberg

Currencies

	Open	High	Low
EURUSD	1.1438	1.1444	1.1424
GBPUSD	1.3451	1.3465	1.3438
USDJPY	162.43	162.5900	162.31
USDINR	96.42	96.46	96.39
USDCNY	6.7735	6.7754	6.7706
USDCHF	0.8076	0.8089	0.8071
AUDUSD	0.6981	0.6997	0.6963
NZDUSD	0.5844	0.5860	0.5826

The euro was little changed at $1.1442.The Japanese yen was little changed at

Rates

	Last Price	Previous Day Close
O/N SOFR	3.620	3.620
1 month SOFR	3.668	3.668
3 month SOFR	3.734	3.734
6 months SOFR	3.842	3.842
12 month SOFR	3.992	3.992
3 years IRS	4.004	4.004
5 years IRS	4.019	3.996

The yield on 10-year Treasuries was little changed at 4.55%.Japan's 10-year yield was unchanged at 2.705%.Australia's 10-year yield advanced five basis points to 4.95%.

162.37 per dollar.The offshore yuan was little changed at 6.7724 per dollar.

	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

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7458	-1.010	8.94
Euro Stoxx 600	642	-0.342	8.33
ShanghaiComposite Index	3808	1.175	-4.04
MSX-30	7407	-0.983	26.25
NIFTY-50	24162	-0.707	-7.53
Brent Crude ($/bbl)	90.39	2.633	50.27
Gold ($/oz.)	4022	0.116	-6.88
DXY	101	-0.057	2.43
Silver($/oz.)	57	1.781	-20.59

Calendar

Key Data Watch	Time (GST)	Expected	Prior
ADP Weekly Employment Change	16:15		19.750k
Philadelphia Fed Non-Manufacturing Activity	16:30		-25.8

For any Treasury related requirement, please contact:
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