Bank Dhofar Morning Market Update

Date: 16/07/26

Global Update

Asian markets came under heavy selling pressure, led by a sharp decline in semiconductor stocks, as investors grew increasingly concerned that the AI-driven rally may be struggling to justify elevated valuations after an exceptional run this year. South Korea's Kospi tumbled as major chipmakers SK Hynix and Samsung Electronics led losses, while Japan's Nikkei also fell as weakness spread across the regional semiconductor supply chain. Investor sentiment was further rattled by reports that ASML plans to raise prices and growing concerns over the sustainability of AI infrastructure spending, with markets now closely awaiting TSMC's earnings and guidance for fresh insight into AI demand and future capital expenditure trends. Despite the equity selloff, US equity futures stabilised, while softer-than-expected US inflation data supported global bonds and reinforced expectations that the Federal Reserve may not need to raise interest rates further, keeping the US dollar broadly subdued. In commodities, oil surrendered earlier gains despite renewed US-Iran tensions and military strikes, as traders weighed geopolitical risks against broader supply considerations, while gold edged lower after recent gains. The collapse of the US-Iran interim peace deal and escalating tensions around the Strait of Hormuz continue to underpin concerns over energy security and could keep oil prices volatile. For financial markets, the key themes remain TSMC's outlook on AI demand, evolving expectations for Fed policy, and geopolitical developments in the Gulf, with any disappointment in AI-related earnings likely to trigger further risk-off sentiment, while escalation in the Middle East could support crude prices and increase volatility across FX and commodity markets.

USD/JPY remains under modest pressure near 162.20 as the US Dollar weakens following softer-than-expected US June CPI data, which prompted markets to scale back expectations of further Federal Reserve rate hikes. Headline and core inflation slowed to 3.5% and 2.6% YoY respectively, reducing support for the greenback. Meanwhile, investors remain focused on the Bank of Japan for clues on whether another rate increase could be delivered later this year. From a technical perspective, the pair continues to trade around its 20-period EMA at 162.10, suggesting a broadly sideways trend, while an Ascending Triangle pattern points to a period of volatility compression ahead of a potential breakout. The RSI at 51.51 remains neutral-to-positive, indicating steady but not overextended buying momentum. Immediate resistance is seen near 162.79 at the descending trendline, with a break above potentially opening the door for further gains, while support is located around 161.79 at the rising trendline, below which attention would shift to the July 3 low near 160.50.

Source: Reuters, Bloomberg

Currencies	Open	High	Low
EURUSD	1.1464	1.1475	1.1460
GBPUSD	1.3540	1.3544	1.3520
USDJPY	162.19	162.2100	162.03
USDINR	96.26	96.35	96.22
USDCNY	6.7690	6.7708	6.7662
USDCHF	0.8053	0.8065	0.8045

Rates	Last Price	Previous Day Close
O/N SOFR	3.630	3.630
1 month SOFR	3.705	3.705
3 month SOFR	3.793	3.793
6 months SOFR	3.927	3.927
12 month SOFR	4.094	4.094
3 years IRS	3.989	3.978

AUDUSD	0.7004	0.7011	0.6986
NZDUSD	0.5850	0.5854	0.5834

The euro was little changed at $1.1467.The Japanese yen was little changed at 162.10 per dollar.The offshore yuan was little changed at 6.7667 per dollar.

5 years IRS	3.990	3.981

The yield on 10-year Treasuries was little changed at 4.55%.Japan's 10-year yield advanced one basis point to 2.695%.Australia's 10-year yield declined two basis points to 4.88%.

	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	7572	0.382	10.62
Euro Stoxx 600	643	0.095	8.53
ShanghaiComposite Index	3923	-0.818	-1.15
MSX-30	7571	-0.428	29.06
NIFTY-50	24114	0.149	-7.71
Brent Crude ($/bbl)	84.79	-0.177	40.93
Gold ($/oz.)	4034	-0.663	-6.62
DXY	101	0.041	2.24
Silver($/oz.)	57	-1.229	-20.34

Calendar

Key Data Watch	Time (GST)	Expected	Prior
New York Fed Services Business Activity	16:30		-10.1
Philadelphia Fed Business Outlook	16:30	12.5	10.3

For any Treasury related requirement, please contact:
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