

# Bank Dhofar Morning Market Update



Date: 20/05/26

## Global Update

Global equities are coming under sustained pressure, heading toward their longest losing streak in over two months as rising inflation concerns drive bond yields higher and compel investors to reassess stretched valuations following a strong rally. The MSCI All Country World Index has slipped for a fourth consecutive session, with losses led by Asia, where the regional gauge dropped sharply and South Korea’s Kospi declined more than 2%, weighed in part by weakness in AI-linked stocks such as Samsung Electronics after news of a labor strike. Risk sentiment remains fragile, with futures signaling that the weakness is likely to extend into Europe and the US. At the same time, elevated energy prices—Brent crude holding above \$111 per barrel amid ongoing Middle East tensions and no resolution in the Iran conflict—are reinforcing inflation fears globally. This has pushed long-term government bond yields significantly higher, with the US 30-year Treasury yield rising to around 5.20%, levels last seen since the 2007–08 period, reflecting market concerns that persistent inflation pressures could force the Federal Reserve to consider further rate hikes rather than cuts. The sharp rise in long-dated yields, now at multi-decade highs according to global bond benchmarks, has also contributed to a notable decline in government bonds this year. Against this backdrop, global equities have retreated from record highs, as investors who had largely overlooked geopolitical risks in favor of optimism around AI-driven earnings growth are beginning to question whether the rally has run ahead of fundamentals. Attention is now shifting toward key catalysts such as Nvidia’s upcoming earnings, which are expected to be a critical test of the sustainability of the AI-driven market momentum, even as broader macro pressures continue to weigh on sentiment.

Gold remains under pressure near its lowest levels since late March, trading below \$4,500 in the Asian session, as a firm US Dollar continues to weigh on prices and keeps the metal vulnerable on the downside. Persistent geopolitical tensions and elevated crude prices are fueling inflation concerns, which in turn support expectations of a more hawkish Federal Reserve stance, keeping US bond yields elevated and underpinning the Dollar around a six-week high. Despite the bearish bias, sellers appear cautious ahead of the release of the FOMC Minutes, preferring to wait for further policy signals before extending positions. From a technical perspective, XAU/USD is trading around \$4,454.48 with a weak near-term outlook, as it remains below key moving averages that reinforce a strong overhead resistance zone, including the 21-day SMA near \$4,628 and the 50-day SMA around \$4,689, while the 100-day SMA near \$4,793 further caps any broader recovery attempts. Momentum indicators also point to continued downside pressure, with the RSI hovering in the mid-30s, although the fact that prices are still slightly above the longer-term 200-day SMA offers only limited support and does little to alter the prevailing bearish tone.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1711	1.1719	1.1710	O/N SOFR	3.600	3.600
GBPUSD	1.3523	1.3533	1.3518	1 month SOFR	3.629	3.629
USDJPY	157.86	157.9900	157.54	3 month SOFR	3.646	3.646
USDINR	95.72	95.88	95.69	6 months SOFR	3.672	3.672
USDCNY	6.7861	6.7899	6.7859	12 month SOFR	3.749	3.749
USDCHF	0.7820	0.7823	0.7813	3 years IRS	3.805	3.811
AUDUSD	0.7258	0.7262	0.7244	5 years IRS	3.831	3.834

<b>NZDUSD</b>	0.5936	0.5940	0.5927
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The euro was little changed at \$1.1604. The Japanese yen rose 0.1% to 158.88 per dollar. The offshore yuan was little changed at 6.8137 per dollar. USD/JPY edged 0.1% lower to 158.93  
Japan's Finance Minister Satsuki Katayama indicated her resolve to intervene in a foreign exchange market to prop up the yen. AUD/USD slipped 0.2% to 0.7095. GBP/USD was little changed at 1.3389.

The 30-year yield climbed as high as 5.20% Wednesday, a level last seen during the global financial crisis. Longer-maturity government bond yields have surged to the highest levels in almost two decades, according to a Bloomberg gauge. The index, which tracks government bonds maturing in 10 years or longer, has dropped 4.6% this year on concern accelerating inflation will convince central banks to raise rates.

				Global Markets			
		Current Levels		Level	1-Day Change (%)	YTD (%)	
<b>CBO Repo Rate</b>		4.25					
<b>O/N OMIBOR</b>		4	<b>S&amp;P 500</b>	7444	0.585	8.75	
<b>*Bank Deposit Rates for 1 years</b>		4.45	<b>Euro Stoxx 600</b>	611	0.790	3.25	
<b>Bank Deposit Rates for 5 years</b>		4.00	<b>Shanghai Composite Index</b>	4194	-1.138	5.68	
			<b>MSX-30</b>	8179	-1.285	39.41	
			<b>NIFTY-50</b>	23508	0.409	-10.03	
			<b>Brent Crude (\$/bbl)</b>	106.30	0.644	76.54	
			<b>Gold (\$/oz.)</b>	4698	0.191	8.76	
			<b>DXY</b>	98	-0.034	0.17	
			<b>Silver(\$/oz.)</b>	87	-0.672	21.35	

\*Amount>500k OMR

Calendar			
Key Data Watch	Time (GST)	Expected	Prior
<b>MBA Mortgage Applications</b>	15:00		1.7%
<b>FOMC meeting minutes</b>	22:00		

**For any Treasury related requirement, please contact:**  
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