Bank Dhofar Morning Market Update

Date: 14/07/26

Global Update

Asian markets came under significant pressure as investors reassessed the sustainability of the AI-driven rally that has propelled global technology stocks to record highs, triggering a broad selloff in semiconductor shares across the region. South Korea's Kospi index fell sharply, with major chipmakers including SK Hynix, Kioxia Holdings and Taiwan Semiconductor Manufacturing Co. leading declines amid growing concerns that the massive investments being directed toward artificial intelligence may not justify current valuations. The weakness in technology stocks coincided with renewed geopolitical tensions in the Middle East, which pushed oil prices higher for a second consecutive session and reignited fears of energy-driven inflation. Rising crude prices strengthened expectations that the Federal Reserve may need to maintain a hawkish stance, particularly after comments from Fed Governor Christopher Waller suggesting policymakers could consider further rate hikes if underlying inflation pressures persist. Treasury yields remained elevated, reflecting increasing market expectations for tighter monetary policy, while investors adopted a cautious stance ahead of key US consumer price inflation data and Congressional testimony from Fed Chair Kevin Warsh. At the same time, the start of the US earnings season is expected to provide critical insight into whether corporate profits can continue to support elevated equity valuations. With investors now balancing concerns over AI-related valuations, persistent inflation risks, higher interest rates and geopolitical uncertainty, this week's inflation data, central bank communication and corporate earnings reports are likely to play a decisive role in determining the near-term direction of global financial markets.

The EUR/USD pair edged higher toward the 1.1385 area during Asian trading; however, the broader outlook remains cautious as renewed US military strikes against Iran boosted safe-haven demand for the US dollar and kept investors focused on geopolitical risks ahead of the highly anticipated US June CPI inflation report. From a technical standpoint, the pair continues to trade below its 200-period Simple Moving Average on the 4-hour chart, maintaining a bearish near-term bias. This view is reinforced by momentum indicators, with the MACD remaining in negative territory and the Relative Strength Index holding around 38, suggesting that selling pressure remains dominant despite attempts to stabilize above recent lows. Any recovery is likely to face strong resistance around the 1.1575–1.1580 region, which now acts as a key resistance zone following its earlier role as support, while the psychological 1.1600 level and the 200-period SMA near 1.1638 present additional hurdles that bulls would need to overcome to signal a stronger recovery and reduce the current bearish bias. On the downside, a sustained break below the 1.1500 support area could trigger fresh selling interest and expose the pair to deeper losses, as the overall momentum structure continues to favor sellers amid expectations that persistent inflation and elevated energy prices could keep the Federal Reserve on a hawkish path.

Source: Reuters, Bloomberg

Currencies

	Open	High	Low
EURUSD	1.1381	1.1397	1.1378
GBPUSD	1.3348	1.3371	1.3342
USDJPY	162.43	162.4800	162.23
USDINR	95.95	96.17	95.94
USDCNY	6.7824	6.7851	6.7814
USDCHF	0.8147	0.8152	0.8133
AUDUSD	0.6918	0.6933	0.6913
NZDUSD	0.5750	0.5796	0.5748

The euro rose 0.1% to $1.1394.The Japanese yen was little changed at 162.28 per dollar.The offshore yuan was little changed at 6.7836 per dollar.

Rates

	Last Price	Previous Day Close
O/N SOFR	3.550	3.550
1 month SOFR	3.659	3.659
3 month SOFR	3.741	3.741
6 months SOFR	3.860	3.860
12 month SOFR	4.020	4.020
3 years IRS	4.101	4.104
5 years IRS	4.080	4.082

The yield on 10-year Treasuries was little changed at 4.62%.Japan's 10-year yield declined 4.5 basis points to 2.740%.Australia's 10-year yield advanced five basis points to 4.91%.

	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	7515	-0.793	9.79
Euro Stoxx 600	641	-0.014	8.24
ShanghaiComposite Index	3888	-0.661	-2.04
MSX-30	7618	-0.443	29.85
NIFTY-50	24066	-0.597	-7.90
Brent Crude ($/bbl)	84.55	1.513	40.54
Gold ($/oz.)	4022	0.493	-6.88
DXY	101	-0.057	2.90
Silver($/oz.)	58	0.006	-19.54

Calendar

Key Data Watch	Time (GST)	Expected	Prior
NFIB Small Business Optimism	14:00	95.7	95.3
ADP Weekly Employment Change	16:15		21.00k

For any Treasury related requirement, please contact:
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