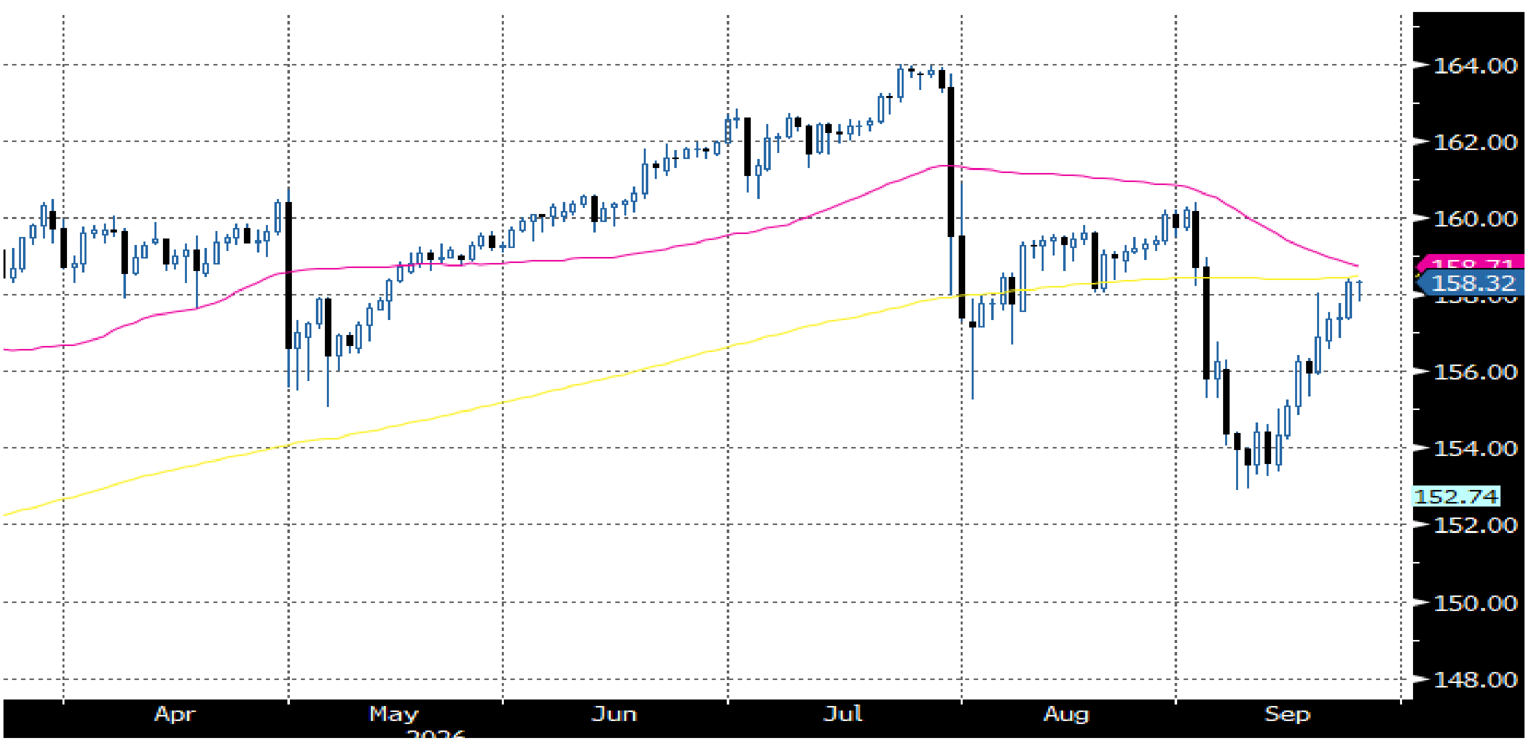
Bank Dhofar Morning Market Update

Date: 24/09/26

Global Update

Global bond markets remained under heavy pressure as strong US economic data and poor demand at a US Treasury auction pushed yields sharply higher. The US 10-year Treasury yield climbed to 5.11%, its highest level in nearly two decades, while the five-year yield briefly rose above 5% for the first time since 2007. Investors have increased expectations for further Federal Reserve tightening, with markets now pricing in three additional 25bp rate hikes over the coming year and some probability of a fourth hike.The selloff in US Treasuries spilled over into global markets, driving bond yields higher across Asia-Pacific and emerging markets. The US dollar remained supported near multi-month highs amid rising rate expectations. Equity markets weakened globally, with Asian stocks following Wall Street lower as concerns grew that elevated interest rates and higher energy prices could weigh on future economic growth.Oil prices remained elevated, although Brent crude eased 0.7% to around USD 102/bbl after the previous session’s rally. Gold extended its decline, falling to around USD 4,290/oz as higher yields reduced the appeal of non-interest-bearing assets. Meanwhile, Chinese equities fell despite the US and China agreeing to extend their trade truce by two months, as investors continued to await more meaningful progress in trade negotiations.In commodities, US diesel futures surged after reports that the Trump administration is encouraging refiners to voluntarily curb exports to support domestic fuel supplies, adding to concerns about tight energy markets. Overall, markets remain focused on the prospect of higher-for-longer interest rates, resilient US growth, and sustained inflationary pressures.
USD/JPY eased towards 157.85 during Asian trading as the Japanese Yen strengthened on renewed concerns about potential intervention by Japanese authorities. Market participants remain cautious about pushing the pair significantly higher, particularly near recent extremes, while attention now turns to upcoming Federal Reserve commentary for fresh policy guidance.From a technical perspective, the pair retains a mildly bearish bias despite holding above key support levels. USD/JPY is trading between the Bollinger Band midpoint and the 100-day moving average, indicating limited upside momentum. The RSI near 54 suggests neutral-to-slightly positive momentum, but buyers continue to face strong resistance overhead, keeping rallies vulnerable to selling pressure.Immediate resistance is seen at the 100-day moving average near 159.55, followed by the upper Bollinger Band around 160.75. Any move towards these levels is likely to attract profit-taking and renewed selling interest. On the downside, initial support lies at 156.50, coinciding with the Bollinger Band midpoint, while stronger support is located near 152.30 at the lower Bollinger Band. A sustained break below 152.30 would reinforce the bearish outlook and potentially trigger a deeper corrective move.
Overall, USD/JPY remains caught between expectations of higher US interest rates, which support the dollar, and persistent intervention risks that continue to underpin the yen, suggesting continued volatility in the near term.



Source: Reuters, Bloomberg

Currencies			
	Open	High	Low

Rates		
	Last Price	Previous Day Close

EURUSD	1.1382	1.1389	1.1369
GBPUSD	1.3239	1.3251	1.3223
USDJPY	158.32	158.4000	157.80
USDINR	95.83	95.92	95.83
USDCNY	6.7154	6.7190	6.7126
USDCHF	0.8252	0.8256	0.8235
AUDUSD	0.7039	0.7049	0.7018
NZDUSD	0.5674	0.5686	0.5669

The euro was little changed at 1.1384 against the US dollar, while the Japanese yen strengthened 0.3% to 157.88 per dollar amid continued intervention concerns. The offshore yuan was broadly steady at 6.7156 per dollar. Meanwhile, sterling (GBP/USD) traded around 1.3490, supported by resilient UK economic expectations, while the Australian dollar (AUD/USD) hovered near 0.6720, with gains capped by cautious risk sentiment and concerns over global growth.

O/N SOFR	3.870	#N/A N/A
1 month SOFR	3.899	3.899
3 month SOFR	4.033	4.033
6 months SOFR	4.201	4.201
12 month SOFR	4.485	4.485
3 years IRS	4.767	4.772
5 years IRS	4.725	4.731

US 10-Year Treasury Yield: Steady at 5.11%.Japan 10-Year Government Bond Yield: Rose 9 bps to 3.075%.Australia 10-Year Government Bond Yield: Rose 11 bps to 5.36%
The sharp rise in sovereign yields across major markets reflects growing expectations of further monetary tightening, resilient economic activity, and inflation concerns. Higher yields continue to weigh on risk assets while supporting the US dollar and increasing funding costs globally.

	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	4.45

*Amount>500k OMR

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7706	-0.755	12.57
Euro Stoxx 600	640	-0.445	8.06
ShanghaiComposite Index	3895	-1.063	-1.87
MSX-30	7558	0.018	28.83
NIFTY-50	23209	-1.013	-11.18
Brent Crude ($/bbl)	103.12	0.078	71.39
Gold ($/oz.)	4286	-0.038	-0.77
DXY	101	-0.019	2.80
Silver($/oz.)	64	-0.337	-10.40

Calendar

Key Data Watch	Time (GST)	Expected	Prior
Current Account Balance	16:30	-$257.4b	-$226.8b
Initial Jobless Claims	16:30	200k	196k

For any Treasury related requirement, please contact:
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