Bank Dhofar Morning Market Update

Date: 13/07/26

Global Update

Stocks and government bonds fell sharply after fresh US strikes on Iran intensified concerns over potential disruptions to global energy supplies, driving Brent crude more than 4% higher to above $79 per barrel as uncertainty surrounding the Strait of Hormuz fueled fears of supply constraints. Higher oil prices reignited inflation concerns, leading investors to scale back expectations for monetary easing and increasing speculation that the Federal Reserve may need to maintain a tighter policy stance for longer, pushing Treasury yields higher across the curve, with the rate-sensitive two-year yield reaching its highest level since February 2025. Risk sentiment deteriorated across global markets, with MSCI's Asia Pacific Index falling 1.6%, South Korea's Kospi plunging 7%, Nasdaq 100 futures dropping 1.1%, and European equities indicating losses at the open. The US dollar strengthened against all G10 currencies as investors sought safety and higher yields supported demand for the greenback. Meanwhile, precious metals came under pressure despite the geopolitical uncertainty, with gold falling 1.4% to around $4,060 per ounce and silver declining nearly 3%, as rising yields and a stronger dollar reduced the appeal of non-yielding assets. Bitcoin also joined the broader risk-off move, falling more than 2% to around $62,800. Markets are now focused on whether escalating tensions in the Middle East will cause sustained disruptions to oil flows and keep inflation elevated, with upcoming US inflation data, Federal Reserve commentary, and the start of earnings season expected to provide crucial direction for interest rates, risk assets, and the US dollar in the weeks ahead.

Gold extended its decline by more than 1% during the Asian session on Monday, falling toward the $4,050 level as escalating tensions between the US and Iran boosted demand for the safe-haven US Dollar while rising crude oil prices intensified inflation concerns and reinforced expectations that the Federal Reserve may need to maintain a tighter monetary policy stance in 2026. A stronger dollar and higher bond yields have reduced the appeal of non-yielding assets such as gold, resulting in additional pressure on bullion prices. Technically, XAU/USD is trading around $4,069 and remains under significant downward pressure as it continues to trade below the 21-day SMA at $4,128 and the 50-day SMA at $4,344, while the longer-term 200-day SMA at $4,495 and 100-day SMA at $4,583 remain considerably above current prices, highlighting a broadly bearish trend. Momentum indicators also remain weak, with the RSI near 41 suggesting downside momentum is moderating but not yet signaling oversold conditions. On the upside, immediate resistance is seen around the 21-day SMA at $4,128, followed by stronger resistance near $4,344 and $4,495, with the major longer-term barrier located around $4,583. Unless gold can reclaim and sustain a move above the 21-day SMA, the near-term outlook remains negative, with rallies likely to attract sellers and leave the metal vulnerable to further downside pressure amid elevated geopolitical tensions, firm US dollar demand, and concerns that higher energy prices could keep inflation and interest rates elevated for longer.

Source: Reuters, Bloomberg

Currencies

	Open	High	Low
EURUSD	1.1419	1.1420	1.1384
GBPUSD	1.3396	1.3401	1.3367
USDJPY	161.72	162.1700	161.63
USDINR	95.71	95.78	95.66
USDCNY	6.7818	6.7847	6.7785
USDCHF	0.8082	0.8109	0.8078
AUDUSD	0.6957	0.6967	0.6924
NZDUSD	0.5756	0.5771	0.5748

The euro fell 0.2% to $1.1397.The Japanese yen fell 0.2% to 162.07 per dollar.The offshore yuan was little changed at 6.7872 per dollar

Rates

	Last Price	Previous Day Close
O/N SOFR	3.530	3.530
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	4.053	4.035
5 years IRS	4.037	4.017

The yield on 10-year Treasuries advanced two basis points to 4.58%.Japan's 10-year yield advanced six basis points to 2.760%.Australia's 10-year yield advanced two basis points to 4.86%.

	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

Calendar

Key Data Watch	Time (GST)	Expected	Prior
Federal Budget Balance	22:00	-$128.3b	-$292.6b

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7575	0.421	10.66
Euro Stoxx 600	641	0.036	8.26
ShanghaiComposite Index	3935	-1.537	-0.86
MSX-30	7652	0.101	30.43
NIFTY-50	24025	-0.751	-8.05
Brent Crude ($/bbl)	79.12	4.092	31.49
Gold ($/oz.)	4053	-1.620	-6.16
DXY	101	0.177	2.86
Silver($/oz.)	58	-3.054	-19.01

For any Treasury related requirement, please contact:
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