

Bank Dhofar Morning Market Update



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Global Update

Oil prices surged to fresh multi-year highs amid escalating Middle East tensions, overshadowing strong megacap tech earnings and dampening global risk sentiment. Brent crude jumped as much as 7% to around \$126/bbl, extending a ninth straight session of gains and more than doubling year-to-date, after reports that President Trump was to be briefed on potential military options involving Iran. Equity markets reversed earlier optimism, with Nasdaq futures turning negative, Asian stocks falling sharply, and European markets set to open lower. The rise in oil, combined with a hawkish Fed hold, pushed the dollar higher and weighed on bonds, keeping US 10-year yields near multi-month highs and lifting Japanese yields to levels last seen in the late 1990s. While AI-linked tech stocks continue to outperform—masking broader stress in parts of Asia—the escalation in geopolitics is increasingly driving cross-asset volatility. Earlier, the Fed left rates unchanged Wednesday, but revealed a deepening division over the outlook for policy. Traders have all but abandoned wagers on a rate cut this year and began pricing in the chances of a hike in 2027. Jerome Powell's press conference was his last at the helm of the central bank after the Justice Department dropped a controversial criminal investigation into the Fed, clearing the way for the Senate confirmation of Kevin Warsh as the next chair. Powell said he'll remain at the central bank as a governor.

USD/JPY regains traction and reverts to 21-month highs near 160.50 in Asia on Thursday. The US Dollar finds fresh demand amid hawkish Fed and supports the upside amid the ongoing Hormuz crisis. However, further gains could be capped by the risk of a direct FX intervention by the Japanese authorities. In the fifteen-minute chart, USD/JPY trades at 159.62. The pair holds above the day's open at 159.36, keeping a modest intraday bullish bias as prices grind higher within a tight range. The Stochastic RSI hovers around mid-50s, hinting at recovering upside momentum rather than overbought conditions and suggesting buyers still have some control in the very near term. On the downside, initial support aligns with the day's open at 159.36, where a break would expose a deeper corrective pullback toward the prior intraday lows. While no major moving averages are in play on this timeframe, the intact sequence of higher closes keeps the focus on dip-buying as long as the pair defends levels above 159.36.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1677	1.1689	1.1655	O/N SOFR	3.640	3.640
GBPUSD	1.3475	1.3496	1.3455	1 month SOFR	3.652	3.652
USDJPY	160.41	160.5800	160.08	3 month SOFR	3.663	3.663
USDINR	95.02	95.33	95.02	6 months SOFR	3.669	3.669
USDCNY	6.8421	6.8427	6.8377	12 month SOFR	3.683	3.683
USDCHF	0.7912	0.7923	0.7902	3 years IRS	3.739	3.742
AUDUSD	0.7116	0.7133	0.7113	5 years IRS	3.765	3.768
NZDUSD	0.5829	0.5846	0.5823	The yield on 10-year Treasuries was little changed at 4.43%. Japan's 10-year yield advanced six basis points to 2.525%. Australia's 10-year yield advanced eight basis points to 5.07%.		

The euro fell 0.1% to \$1.1660. The Japanese yen was little changed at 160.51 per dollar. The offshore yuan was little changed at 6.8445 per dollar.

				Global Markets			
			Current Levels	Level	1-Day Change (%)	YTD (%)	
CBO Repo Rate			4.25	S&P 500	7136	-0.040	4.24
O/N OMIBOR			4	Euro Stoxx 600	603	-0.597	1.82
*Bank Deposit Rates for 1 years			3.75	Shanghai Composite Index	4105	-0.064	3.43
Bank Deposit Rates for 5 years			3.90	MSX-30	8268	0.485	40.93
*Amount > 500k OMR				NIFTY-50	23823	-1.467	-8.83
Calendar				Brent Crude (\$/bbl)	124.80	5.736	107.14
Key Data Watch	Time (GST)	Expected	Prior	Gold (\$/oz.)	4559	0.236	5.54
Personal Income	16:30	0.3%	-0.1%	DXY	99	0.072	0.72
Personal Spending	16:30	0.9%	0.5%	Silver (\$/oz.)	72	1.034	0.51

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