

Bank Dhofar Morning Market Update



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Global Update

Global markets traded with a mildly positive tone ahead of the closely watched US CPI release, with equities advancing and the US dollar weakening on expectations that inflation data may provide further clues on the Federal Reserve’s rate path. Asian stocks rebounded, led by gains in technology shares such as Samsung Electronics and SK Hynix, while S&P 500 futures edged higher after Federal Reserve officials signalled that policy tightening is nearing its end, although one additional rate hike this year remains possible. Investor focus is also on upcoming earnings and outlooks from key semiconductor companies including ASML and TSMC. In commodities, Brent crude rose above USD 106 per barrel and US crude extended gains for a fifth consecutive session as renewed Middle East tensions heightened concerns over energy supply disruptions from the Persian Gulf. In contrast, Chinese equities remained under pressure, with the CSI 300 index falling further toward bear market territory amid growing doubts over the scale and effectiveness of economic support measures. The key market event remains the US inflation report, where headline CPI is expected to rise 0.6% month-on-month, accelerating from 0.4% previously and marking the strongest increase in five months. A higher-than-expected reading could revive concerns over persistent inflation and keep pressure on the Fed to maintain a restrictive policy stance, while a softer outcome may support risk assets and reinforce expectations of a less aggressive rate environment in 2027.

GBP/USD strengthened towards 1.3260 during early Asian trading, supported by a softer US Dollar after comments from New York Fed President John Williams reinforced expectations that the Federal Reserve may be nearing the end of its tightening cycle. Markets are increasingly focused on the upcoming US September CPI report, which is expected to be the key catalyst for near-term currency direction. Current market pricing suggests a high probability that the Fed will keep rates unchanged at its October meeting, although expectations for a further hike later in the year remain elevated. From a technical perspective, the pair remains vulnerable despite the latest rebound. GBP/USD is trading near its 20-day Bollinger average but remains below the 100-day moving average, indicating that the broader trend continues to favour sellers. Momentum indicators remain subdued, with the RSI around 44, suggesting that buying interest lacks conviction. Immediate resistance is located between 1.3375 and 1.3395, where the upper Bollinger Band and 100-day SMA converge. A sustained break above this zone would be needed to improve the medium-term outlook. On the downside, initial support is seen near 1.3150, and a daily close below this level could accelerate losses and expose lower support areas.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1199	1.1211	1.1196	O/N SOFR	3.870	#N/A N/A
GBPUSD	1.3255	1.3275	1.3249	1 month SOFR	3.925	3.925

USDJPY	158.33	158.5200	158.14	3 month SOFR	4.039	4.039
USDINR	95.02	95.06	94.90	6 months SOFR	4.193	4.193
USDCNY	6.6938	6.6940	6.6915	12 month SOFR	4.472	4.472
USDCHF	0.8326	0.8329	0.8317	3 years IRS	4.695	4.706
AUDUSD	0.6984	0.7001	0.6979	5 years IRS	4.712	4.723
NZDUSD	0.5613	0.5630	0.5607			

The euro was little changed at \$1.1209, while the British pound traded firmer around \$1.3260 against the US dollar. The Japanese yen was steady at 158.23 per dollar, the offshore yuan held broadly unchanged at 6.6918 per dollar, and the Australian dollar remained stable near US\$0.6540, as investors awaited the US CPI inflation report for fresh direction on Federal Reserve policy and broader currency markets.

The yield on the 10-year US Treasury was little changed at 5.20%, while Japan's 10-year government bond yield rose by 1 basis point to 3.015% and Australia's 10-year government bond yield increased by 2 basis points to 5.31%, reflecting cautious positioning by investors ahead of the closely watched US inflation data, which is expected to provide further guidance on the outlook for global interest rates and central bank policy.

				Global Markets			
			Current Levels		Level	1-Day Change (%)	YTD (%)
CBO Repo Rate			4.5				
O/N OMIBOR			4	S&P 500	7805	-0.023	14.02
*Bank Deposit Rates for 1 years			4.45	Euro Stoxx 600	635	-0.101	7.23
				ShanghaiComposite Index	3801	0.007	-4.23
Bank Deposit Rates for 5 years			4.45	MSX-30	7728	-0.972	31.73
*Amount>500k OMR				NIFTY-50	22746	0.106	-12.95
Calendar				Brent Crude (\$/bbl)	106.24	0.530	76.44
				Gold (\$/oz.)	4163	0.050	-3.62
				DXY	102	-0.089	3.83
				Silver(\$/oz.)	59	0.167	-17.32
Key Data Watch	Time (GST)	Expected	Prior				
MBA Mortgage Applications	15:00		-4.2%				
CPI MoM	16:30	0.6%	0.4%				

For any Treasury related requirement, please contact:
Telephone: +968 2265 2721/2722/2731/2716

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