

Bank Dhofar Morning Market Update



Date: 19/05/26

Global Update

Global equities are extending losses for a third straight session as the lack of progress in resolving the US-Iran conflict keeps oil prices elevated and inflation concerns alive. Even after signals that the US may pause further military action, investors remain cautious given continued disruption around the Strait of Hormuz, a critical oil supply route, which is sustaining crude prices near the \$110/bbl level.

Markets across Asia declined, led by weakness in technology stocks, particularly chipmakers, reflecting spillover from the US and sensitivity to higher bond yields. Rising energy prices are feeding inflation expectations, pushing global bond yields higher, with long-end US Treasury yields reaching multi-year highs as investors reassess the outlook for interest rates. The key macro concern is that persistent high oil prices could force central banks, especially the Fed, to keep rates higher for longer, weighing on risk assets. While equities had previously shrugged off geopolitical tensions amid the AI-driven rally, the combination of elevated yields and sustained energy shocks is now testing that optimism, particularly in rate-sensitive sectors and Asian markets.

GBP/USD is currently trading around 1.3434, hovering just above a tight confluence of the 50-, 100-, and 200-day moving averages near 1.3430. This cluster is acting as immediate support, but the overlap also reflects a lack of clear trend direction, keeping the overall bias neutral while price remains contained below the descending trendline resistance near 1.3608. The RSI, holding slightly below the 50 mark, further signals subdued momentum and points to a market still in consolidation mode rather than a confirmed directional move.

On the upside, the key level to watch is the descending trendline resistance around 1.3608; a daily close above this zone would be required to shift the structure more bullish and open the door toward a stronger recovery phase. On the downside, the 1.3430 area remains critical—this moving average cluster is a near-term pivot, and a sustained break below it would likely trigger renewed selling pressure, exposing the pair to a move back toward the lower end of the recent range near 1.34 and below.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1711	1.1719	1.1710	O/N SOFR	3.600	3.600
GBPUSD	1.3523	1.3533	1.3518	1 month SOFR	3.629	3.629
USDJPY	157.86	157.9900	157.54	3 month SOFR	3.646	3.646
USDINR	95.72	95.88	95.69	6 months SOFR	3.672	3.672
USDCNY	6.7861	6.7899	6.7859	12 month SOFR	3.749	3.749
USDCHF	0.7820	0.7823	0.7813	3 years IRS	3.805	3.811
AUDUSD	0.7258	0.7262	0.7244	5 years IRS	3.831	3.834
NZDUSD	0.5936	0.5940	0.5927			

AUD/USD down 0.4% to 0.7141 with support at 0.7102, its April 29 low. GBP/USD down 0.2% to 1.3410 ahead of UK employment and average weekly earnings data. USD/JPY gained 0.1% to 158.98. EUR/USD declined 0.1% to 1.1642. USD/CHF edged up 0.1% to 0.7855.

Treasury 10-year yields rose 1.1bps to 4.60%; while the 5s30s curve steepened 1.8bps to 87.3bps. Japan's 10-year yield advanced three basis points to 2.765%. Australia's 10-year yield declined seven basis points to 5.04%

Global Markets

Internal

	Current Levels		Level	1-Day Change (%)	YTD (%)		
CBO Repo Rate	4.25						
O/N OMIBOR	4	S&P 500	7444	0.585	8.75		
*Bank Deposit Rates for 1 years	4.45	Euro Stoxx 600	611	0.790	3.25		
		Shanghai Composite Index	4194	-1.138	5.68		
Bank Deposit Rates for 5 years	4.00	MSX-30	8179	-1.285	39.41		
		NIFTY-50	23508	0.409	-10.03		
*Amount>500k OMR		Brent Crude (\$/bbl)	106.30	0.644	76.54		
Calendar				Gold (\$/oz.)	4698	0.191	8.76
Key Data Watch	Time (GST)	Expected	Prior	DXY	98	-0.034	0.17
ADP Weekly Employment Change	16:15		33.000k	Silver(\$/oz.)	87	-0.672	21.35
Pending Home Sales MoM	18:00	1.0%	1.5%				

For any Treasury related requirement, please contact:

Telephone: +968 2265 2721/2722/2731/2716

Disclaimer: Any information contained in this document should not be construed as an offer, invitation, solicitation, or advice of any kind to buy or sell any financial products or services offered by Bank Dhofar S.A.O.G ("Bank Dhofar S.A.O.G"), unless specifically stated so. Foreign exchange and derivative transactions involve numerous risks including among others, market, counterparty default and illiquidity risk. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You may consider asking advice from your advisers in making this assessment. No part of this report/document may be copied or redistributed by any recipient for any purpose without Bank Dhofar S.A.O.G's prior written consent. All information contained in this document has been obtained from official sources believed to be accurate and reliable and Bank Dhofar S.A.O.G makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Opinions, estimates and projections constitute the current judgment of the author as of the date of this report. They do not necessarily reflect the opinion of Bank Dhofar S.A.O.G and are subject to change without notice.