Bank Dhofar Morning Market Update

Date: 28/09/26

Global Update

Global markets started the week on a weaker footing after US President Donald Trump rejected Iran's latest proposal to reopen the Strait of Hormuz, reversing some of the optimism seen late last week. Equities and bonds declined, while the US dollar strengthened as higher energy prices reinforced expectations that the Federal Reserve may need to keep interest rates elevated to contain inflation. US Treasury yields moved higher, with the 2-year yield rising to 4.90% and the 10-year yield also advancing. Brent crude gained 1.8% to around $106 per barrel as Iran maintained its stance on reopening the vital shipping route, highlighting ongoing concerns over near-term oil supply tightness. In contrast, gold fell 1.9% to around $4,200 per ounce and silver dropped more than 3%, pressured by rising yields and higher rate expectations. Asian equities weakened, with Chinese and South Korean markets posting losses of over 2%, while Nasdaq futures declined 0.7%. Oil continues to be the primary market driver, with Middle East tensions contributing to a 75% rise in crude prices this year and increasing inflation concerns globally. Meanwhile, Brent's prompt spread widened significantly, signalling tighter near-term supply conditions. On the trade front, the US announced tariff reductions on approximately $30 billion of imports following discussions between Trump and Chinese President Xi Jinping, while Chinese semiconductor stocks came under pressure amid reports that China may allow purchases of Nvidia's new chips. Government bond markets across Japan, Australia and New Zealand also followed US Treasuries lower.

The EUR/USD pair edges lower to around 1.1380 during the early Asian session on Monday, pressured by hawkish signals from the Federal Reserve (Fed) and escalating Middle East tensions. Traders brace for the Retail Sales and Consumer Price Index (CPI) inflation reports from Germany later on Wednesday for fresh impetus. In the daily chart, EUR/USD remains under clear bearish pressure, holding well below the 100-day simple moving average (SMA) and the Bollinger Bands' middle line, which cap the topside and reinforce a negative near-term bias. The Relative Strength Index (14) sits in oversold territory near 27, hinting that while downside momentum is strong, the sell-off is becoming stretched.On the downside, immediate support emerges at the lower Bollinger Band around 1.1340, where sellers may hesitate to push prices further without a corrective bounce. On the topside, initial resistance is clustered in the 1.1525–1.1530 area, defined by the Bollinger middle band and the 100-day SMA, with a subsequent barrier at the upper Bollinger Band near 1.1708; only a recovery above these levels would ease the current bearish tone.

Source: Reuters, Bloomberg

Currencies	Open	High	Low
EURUSD	1.1381	1.1395	1.1374
GBPUSD	1.3220	1.3248	1.3220

Rates	Last Price	Previous Day Close
O/N SOFR	3.880	#N/A N/A
1 month SOFR	3.898	3.898

USDJPY	157.28	157.8600	157.17
USDINR	95.88	95.96	95.87
USDCNY	6.7136	6.7164	6.7128
USDCHF	0.8277	0.8301	0.8275
AUDUSD	0.7043	0.7043	0.7007
NZDUSD	0.5694	0.5698	0.5649

The euro was little changed at $1.1386, while the British pound held steady near recent levels amid cautious risk sentiment. The Japanese yen weakened 0.3% to 157.80 per dollar, reflecting broad US dollar strength, while the Australian dollar traded softer as rising global uncertainty and concerns over growth weighed on commodity-linked currencies. Meanwhile, the offshore Chinese yuan was little changed at 6.7170 per dollar as investors remained focused on developments in US-China trade relations and broader market sentiment.

3 month SOFR	4.075	4.075
6 months SOFR	4.259	4.259
12 month SOFR	4.570	4.570
3 years IRS	4.776	4.725
5 years IRS	4.761	4.714

US Treasury yields moved higher, with the benchmark 10-year Treasury yield rising four basis points to 5.20%, reflecting renewed inflation concerns driven by elevated energy prices and expectations of tighter monetary policy. Sovereign bonds across the Asia-Pacific region followed the move lower, with Japan's 10-year government bond yield rising 2.5 basis points to 3.095%, while Australia's 10-year government bond yield advanced four basis points to 5.41% as investors repriced interest rate expectations amid persistent inflationary pressures and higher global yields.

	Current Levels
CBO Repo Rate	4.5
O/N OMIBOR	4
*Bank Deposit Rates for 1 years	4.45
Bank Deposit Rates for 5 years	4.45

*Amount>500k OMR

Calendar

Key Data Watch	Time (GST)	Expected	Prior
Dallas Fed Manf. Activity	18:30	7.8	11.6

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7743	0.510	13.12
Euro Stoxx 600	639	0.349	7.85
ShanghaiComposite Index	3821	-1.737	-3.73
MSX-30	7544	-0.140	28.58
NIFTY-50	22873	-1.155	-12.46
Brent Crude ($/bbl)	106.89	2.444	77.55
Gold ($/oz.)	4197	-2.046	-2.83
DXY	101	0.128	2.83
Silver($/oz.)	62	-3.515	-13.43

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