

Bank Dhofar Morning Market Update



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Global Update

Oil prices declined and global equities climbed as renewed US diplomatic initiatives boosted cautious optimism that the nearly month-long Middle East conflict could start to ease, reducing worries about extended supply disruptions. Brent crude dropped 4.7% to \$99.55 per barrel, helping lift Asian equities by 1.9% and supporting gains in sovereign bonds. The possibility of de-escalation, particularly involving Iran, softened inflation concerns and lowered expectations for further policy tightening. US and European equity futures also pointed to continued gains, while the dollar edged slightly lower. Market sentiment improved following reports of a 15-point US proposal aimed at bringing the conflict with Iran to an end. Separately, Israel's Channel 12 reported that Washington is pushing for a one-month ceasefire. Still, attention remained firmly on the Strait of Hormuz, a critical passage for regional oil shipments, which continues to be effectively closed to vessels. Financial markets have been highly volatile since the conflict erupted in late February, with rapid, headline-driven fluctuations disrupting trading positions. Heightened swings in crude prices have complicated risk assessments, as rising commodity costs fuel inflation fears and increase the likelihood that policymakers may keep interest rates elevated or tighten policy further. The newly outlined US diplomatic initiatives underscore escalating urgency within the administration as the economic fallout intensifies. President Donald Trump has been pressing forward with talks aimed at halting the fighting, though uncertainty persists around the negotiation framework, the Iranian delegation, and how any agreement would ultimately be structured. While the specifics of the 15-point plan remain unclear, Trump has publicly indicated that any deal would need to contain strict measures preventing Iran from obtaining a nuclear weapon or enriching radioactive material, even for civilian use.

USD/JPY is grinding higher toward 159.00 in the Asian session on Wednesday, shrugging off hawkish BoJ Minutes, which signalled gradual rate hikes amid upside inflation risks due to rising oil prices. Concerns that the war-driven surge in energy prices could weaken Japan's economic growth undermine the Japanese Yen. However, Japanese intervention fears and a modest US Dollar downtick could limit the currency pair's rebound. From a technical perspective, the near-term bias is neutral with a slight bullish tilt as spot prices hold comfortably above the 100-period Exponential Moving Average (EMA) on the 4-hour chart. This keeps the broader uptrend structure intact despite recent hesitation below the 159.80 region. The Moving Average Convergence Divergence (MACD) indicator hovers close to the zero line with its line marginally above the signal line, hinting at modest but fragile upside momentum. Meanwhile, the Relative Strength Index (RSI) around 50 reinforces a range-bound tone, suggesting balanced forces after last week's swing lower from the 159.80 area. Hence, any subsequent move up might confront immediate resistance near 159.30, followed by 159.80, the recent can that guards a potential extension toward the 160.50 zone. A sustained break above 159.80 would reassert



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1608	1.1630	1.1594	O/N SOFR	3.620	3.620
GBPUSD	1.3411	1.3436	1.3388	1 month SOFR	3.679	3.679
USDJPY	158.70	158.9400	158.58	3 month SOFR	3.716	3.716
USDINR	93.95	93.97	93.92	6 months SOFR	3.752	3.752
USDCNY	6.8878	6.8947	6.8827	12 month SOFR	3.821	3.821
USDCHF	0.7882	0.7897	0.7870	3 years IRS	3.633	3.660
AUDUSD	0.6996	0.7004	0.6970	5 years IRS	3.659	3.677
NZDUSD	0.5836	0.5843	0.5814			

The euro was little changed at \$1.1603. The Japanese yen fell 0.1% to 158.91 per dollar. The offshore yuan was little changed at 6.8955 per dollar.

The yield on 10-year Treasuries declined two basis points to 4.34%. Japan's 10-year yield declined 1.5 basis points to 2.250%. Australia's 10-year yield declined nine basis points to 4.95%.

				Global Markets			
			Current Levels	Level	1-Day Change (%)	YTD (%)	
CBO Repo Rate			4.25				
O/N OMIBOR			4	S&P 500	6556	-0.374	-4.22
*Bank Deposit Rates for 1 years			3.75	Euro Stoxx 600	579	0.433	-2.18
				Shanghai Composite Index	3915	0.881	-1.34
Bank Deposit Rates for 5 years			3.90	MSX-30	7916	1.940	34.93
*Amount > 500k OMR				NIFTY-50	23297	1.679	-10.84
				Brent Crude (\$/bbl)	99.22	-5.043	64.49
Calendar				Gold (\$/oz.)	4569	2.085	5.78
						-0.106	
Key Data Watch				DXY	99		1.02
MBA Mortgage Applications	15:00		-10.9%	Silver (\$/oz.)	73	2.966	2.32
Import Price Index MoM	16:30	0.6%	0.2%				

For any Treasury related requirement, please contact:

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