

Bank Dhofar Morning Market Update



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Global Update

Equities tumbled as crude oil surged above \$100 a barrel for the first time since 2022, with the US-Israeli war against Iran showing no sign of easing and both sides appearing set to prolong the conflict. The dollar rose and a global bond selloff deepened. Asia's benchmark share index dropped 5.2% — the most since April — with South Korea and Japan leading the declines. Equity-index futures for the US and Europe slid more than 2%, indicating the selloff is set to expand to other regions. The turmoil came as Brent crude oil jumped as much as 29% to \$119.50 a barrel, adding to last week's 28% surge, as the conflict entered a second week. West Texas Intermediate rose 31%. Major oil producers also began curbing output and traffic through the Strait of Hormuz was effectively halted. Treasuries sold off on concerns over quickening inflation with benchmark US 10-year yields turning higher for the year. Australia's policy-sensitive three-year yield surged to the highest since 2011, while German bund futures slumped to almost a 15-year low. Selling swept across regions and asset classes as the geopolitical flareup added fresh stress to markets that are already under pressure from AI disruptions and worries about the potential for cracks in credit markets. The escalating crisis has left investors caught between the risk of renewed inflation stemming from elevated oil prices and signs of cooling in the US labor market.

EUR/USD Price Forecast: Falls toward 1.1500 near seven-month lows. EUR/USD may find the initial support at the seven-month low of 1.1468. The 14-day Relative Strength Index falls below 30, signaling oversold conditions. Initial resistance is seen at the nine-day EMA around 1.1650. Given Europe's reliance on imported energy, a further rise in Crude and Natural Gas prices could act as a major economic shock. This turns out to be another factor that weighs on the shared currency and validates the negative outlook for the EUR/USD pair. Traders now look forward to this week's release of the latest US inflation figures for more cues about the Fed's rate-cut path and some meaningful impetus. The focus, however, will remain glued to geopolitical developments and Oil price dynamics.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1560	1.1565	1.1507	O/N SOFR	3.660	3.660
GBPUSD	1.3349	1.3376	1.3283	1 month SOFR	3.667	3.667
USDJPY	158.00	158.9000	157.91	3 month SOFR	3.669	3.669
USDINR	92.21	92.35	92.18	6 months SOFR	3.641	3.641

USDCNY	6.9284	6.9284	6.9146	12 month SOFR	3.551	3.551
USDCHF	0.7791	0.7826	0.7785	3 years IRS	3.400	3.350
AUDUSD	0.6991	0.7022	0.6956	5 years IRS	3.460	3.416
NZDUSD	0.5877	0.5895	0.5849	S&P 500 futures fell 1.9% as of 1:56 p.m. Tokyo time. Japan's Topix fell 5.5%. Australia's S&P/ASX 200 fell 3.2%. Hong Kong's Hang Seng fell 2.5%. The Shanghai Composite fell 1.1%. Euro Stoxx 50 futures fell 3.1%. The yield on 10-year Treasuries advanced seven basis points to 4.21%. Japan's 10-year yield advanced five basis points to 2.210%. Australia's 10-year yield advanced 11 basis points to 4.95%		

The Bloomberg Dollar Spot Index rose 0.5%. The euro fell 0.8% to \$1.1526. The Japanese yen fell 0.6% to 158.72 per dollar. The offshore yuan fell 0.3% to 6.9256 per dollar. Bitcoin was little changed at \$67,191.49. Ether rose 1% to \$1,977.51. West Texas Intermediate crude rose 28% to \$115.99 a barrel. Spot gold fell 1.6% to \$5,088.41 an ounce.

				Global Markets			
			Current Levels		Level	1-Day Change (%)	YTD (%)
CBO Repo Rate			4.25	S&P 500	6740	-1.328	-1.54
O/N OMIBOR			4	Euro Stoxx 600	599	-1.015	1.10
*Bank Deposit Rates for 1 years			3.75	Shanghai Composite Index	4093	-0.754	3.13
Bank Deposit Rates for 5 years			3.90	MSX-30	7528	2.032	28.32
*Amount>500k OMR				NIFTY-50	23885	-2.312	-8.59
Calendar				Brent Crude (\$/bbl)	110.28	19.063	82.96
Key Data Watch	Time (GST)	Expected	Prior	Gold (\$/oz.)	5110	-1.192	18.31
BoP Current Account Adjusted (JPN)	3:50	930.0b	728.8b	DXY	99	0.311	0.99
Factory Orders MoM (Ger)	11:00	-2.2%	5.6%	Silver(\$/oz.)	84	-1.033	16.75

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