

Bank Dhofar Morning Market Update



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Global Update

Oil prices posted their steepest decline in nearly six years, while global equities surged after the US and Iran agreed to a two-week ceasefire, easing market anxiety sparked by the Middle East conflict. West Texas Intermediate crude dropped as much as 19% after President Donald Trump agreed to suspend bombing operations against Iran, a move expected to normalize oil shipments through the Strait of Hormuz. Iran confirmed that maritime traffic would remain safe during the ceasefire. Meanwhile, Brent crude fell 13%, settling near \$95 per barrel. Equity markets across the globe rallied on expectations that cheaper energy prices would help curb inflation and support economic growth. The MSCI Asia Pacific Index jumped 4.5%, hitting a three-week high. US stock-index futures gained more than 2%, while European equity futures surged about 5%.

Fixed-income markets also reacted positively, with US Treasuries rallying as investors revived bets on Federal Reserve rate cuts amid easing inflation risks. The yield curve bull-steepened, as two-year Treasury yields fell six basis points to 3.73%, and ten-year yields declined five basis points to 4.24%. Overnight index swaps now indicate a 60% probability of a Fed rate cut by year-end, compared with virtually no chance earlier this week. In currency markets, the US dollar weakened 0.7%, reversing its role as a safe haven during the conflict, while China's yuan strengthened to a three-year high. Precious metals advanced as well, supported by lower rate expectations. Gold climbed 2% to around \$4,800 an ounce, while silver surged 4.5% to above \$76 an ounce. Credit markets reflected improving risk sentiment, with the cost of insuring Asian investment-grade debt against default falling by at least six basis points, according to traders. The ceasefire was announced after Pakistan, acting as a mediator, urged the US to reconsider its deadline for military escalation. While the agreement offers temporary relief and time for broader negotiations, it follows a sharp reversal from Trump's earlier warning of massive destruction should Iran fail to comply.

USD/JPY reversed sharply on Tuesday, touching a session high around 160.50 before collapsing below 159.00 to settle near 158.85. The pair had briefly breached 160.00 for the first time since July 2024, a level that previously triggered direct intervention from Japan's Ministry of Finance, before the late-session reversal erased the entire day's gains and then some. USD/JPY trades almost flat at around 160.00 as of writing. The near-term bias is mildly bullish as price holds above the rising 20-day Exponential Moving Average (EMA) and trades in the upper half of an ascending parallel channel. The recent series of higher lows above the channel floor near 158.40 supports the uptrend, while the RSI around 58 stays comfortably above the 50 line, signaling persistent upside momentum rather than exhaustion. Initial support emerges at the channel bottom near 158.40, where a break would expose deeper downside towards 157.70. On the topside, the first resistance aligns with the channel top near 160.90, and a daily close above that level would confirm a bullish extension.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1595	1.1697	1.1590	O/N SOFR	3.650	3.650
GBPUSD	1.3291	1.3419	1.3287	1 month SOFR	3.660	3.660
USDJPY	159.62	159.7100	158.30	3 month SOFR	3.677	3.677
USDINR	92.65	92.69	92.52	6 months SOFR	3.698	3.698
USDCNY	6.8340	6.8361	6.8293	12 month SOFR	3.739	3.739
USDCHE	0.7980	0.7985	0.7893	3 years IRS	3.513	3.575
AUDUSD	0.6974	0.7085	0.6968	5 years IRS	3.557	3.610
NZDUSD	0.5730	0.5835	0.5718			

AUD/USD rises to near mid 0.70-0.71 while EUR/USD climbs toward 1.17. USD/JPY falls to mid 158-159 as GBP/USD advances to hover near 1.34.

The yield on 10-year Treasuries declined five basis points to 4.24% Japan's 10-year yield declined four basis points to 2.365%. Australia's 10-year yield declined nine basis points to 4.89%.

				Global Markets			
			Current Levels	Level	1-Day Change (%)	YTD (%)	
CBO Repo Rate			4.25	S&P 500	6617	0.076	-3.34
O/N OMIBOR			4	Euro Stoxx 600	591	-1.012	-0.27
Bank Deposit Rates for 1 year			3.75	Shanghai Composite Index	3965	1.916	-0.10
Bank Deposit Rates for 3 years				MSX-30	8231	-0.551	40.30
Bank Deposit Rates for 5 years				3.90	NIFTY-50	23889	3.311
				Brent Crude (\$/bbl)	95.18	-12.885	57.99
				Gold (\$/oz.)	4803	2.047	11.19
						-0.945	
				DXY	99		0.60
				Silver(\$/oz.)	77	4.927	6.89

Calendar			
Key Data Watch	Time (GST)	Expected	Prior
MBA Mortgage Applications	15:00		-10.4%
FOMC Meeting Minutes	22:00		

For any Treasury related requirement, please contact:
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