Bank Dhofar Morning Market Update

Date: 17/06/26

Global Update

Bonds strengthened as oil extended its sharp decline—Brent slipping below $79 and down ~15% over the past four sessions—driven by expectations of increased supply following potential progress on a US-Iran deal. This has eased inflation concerns and pulled global yields lower, with Australian and Japanese 10-year yields falling ~5bps while US Treasuries hover near one-month lows. Equities are stabilizing, with S&P futures modestly higher after tech-led losses dragged the Nasdaq lower in the previous session. The key focus now shifts to the Federal Reserve meeting—its first under Chair Kevin Warsh—with markets broadly expecting rates on hold but closely watching forward guidance for direction. Rate expectations remain highly divided, with some desks calling for cuts while others still price hikes later in the year, keeping volatility elevated. Meanwhile, China signaled a gradual shift in its monetary framework toward greater reliance on short-term rates, aligning more with global policy practices.

The JPY outlook remains mixed but gradually constructive, with near-term weakness driven by still-wide US–Japan yield differentials that keep carry trades favoring USD, while the Bank of Japan's slow and cautious normalization limits immediate upside for the yen. However, structurally the backdrop is shifting as Japan has exited ultra-loose policy and is expected to hike rates gradually, which, combined with potential Fed easing, should compress the rate gap and support a medium-term yen appreciation toward lower USD/JPY levels. Oil prices remain a key swing factor—declining crude is positive for JPY given Japan's import dependence, while spikes weaken it via trade deficits, and safe-haven flows are now less reliable as USD dominance persists. Technically, USD/JPY is stretched near the 160–162 resistance and intervention zone, with momentum indicators turning bearish and suggesting a near-term correction toward 155–152, while the broader structure remains range-bound unless there is a decisive macro catalyst.



Source: Reuters, Bloomberg

Currencies

	Open	High	Low
EURUSD	1.1608	1.1617	1.1608
GBPUSD	1.3427	1.3435	1.3424
USDJPY	160.42	160.4600	160.27
USDINR	94.46	94.46	94.29
USDCNY	6.7572	6.7573	6.7561
USDCHF	0.7932	0.7933	0.7921
AUDUSD	0.7068	0.7072	0.7060
NZDUSD	0.5832	0.5838	0.5825

The euro was little changed at $1.1611.The Japanese yen was little changed at 160.32 per dollar.The offshore yuan was little changed at 6.7563 per dollar.

Rates

	Last Price	Previous Day Close
O/N SOFR	3.690	3.690
1 month SOFR	3.636	3.636
3 month SOFR	3.667	3.667
6 months SOFR	3.734	3.734
12 month SOFR	3.886	3.886
3 years IRS	3.881	3.887
5 years IRS	3.875	3.882

The yield on 10-year Treasuries was little changed at 4.43%.Japan's 10-year yield declined 4.5 basis points to 2.600%.Australia's 10-year yield declined six basis points to 4.77%.

Global Markets

	Current Levels		Level	1-Day	YTD (%)

CBO Repo Rate	4.25
O/N OMIBOR	4
***Bank Deposit Rates for 1 years**	4.45
Bank Deposit Rates for 5 years	4.00

*Amount>500k OMR

Calendar

Key Data Watch	Time (GST)	Expected	Prior
MBA Mortgage Applications	15:00		10.8%
Retail Sales Advance MoM	16:30	0.6%	0.5%

		Change (%)	
S&P 500	7511	-0.568	9.73
Euro Stoxx 600	636	0.246	7.40
ShanghaiComposite Index	4085	-0.180	2.92
MSX-30	7634	0.200	30.11
NIFTY-50	24066	0.321	-7.90
Brent Crude ($/bbl)	78.72	-0.279	30.82
Gold ($/oz.)	4320	-0.255	0.02
DXY	100	-0.024	1.21
Silver($/oz.)	70	-0.210	-2.49

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