Bank Dhofar Morning Market Update

Date: 04/08/26

Global Update

Asian markets traded mixed, diverging from Wall Street's technology-driven rally, as continued volatility in semiconductor and AI-related stocks kept investors cautious. The MSCI Asia Pacific Index fell 0.7%, led by weakness in technology shares, while South Korea's Kospi reversed early gains to close lower, highlighting concerns over whether substantial AI spending will ultimately translate into stronger earnings growth. In contrast, US equity sentiment remained supportive, with Nasdaq 100 futures advancing after strong results from Palantir, although Amazon slipped following Jeff Bezos' planned share sale announcement. The Japanese yen weakened to 157.64 per dollar after recent intervention-fuelled gains, while investors continued to monitor potential further action from Japanese authorities. Market focus now shifts to upcoming US jobs data, corporate earnings and geopolitical developments, particularly US-Iran relations, as traders assess the outlook for inflation and interest rates. Oil recovered modestly after Monday's sharp decline, with WTI rising towards $81 per barrel, while US Treasury yields edged higher and Japanese government bond yields surged following weak demand at a 10-year bond auction. Overall, investors remain caught between optimism over economic resilience and lingering uncertainty surrounding AI valuations, geopolitics and monetary policy expectations.

USD/JPY extended its recovery toward the 158.00 handle during Tuesday's Asian session, supported by renewed US Dollar demand amid heightened US-Iran geopolitical tensions and resilient US economic data, including stronger-than-expected manufacturing activity. However, gains remain capped by persistent intervention concerns following the reported joint US-Japan FX action last week, with traders wary of further official measures should the pair approach recent highs. From a technical perspective, USD/JPY remains constructive while holding above the 156.50-157.00 support zone, with momentum favouring a retest of resistance at 158.00, followed by 158.85 and the psychological 160.00 level. Technical indicators continue to point higher, although overbought conditions and intervention risks could trigger sharp corrective pullbacks. Overall, the near-term bias remains bullish, supported by the widening US-Japan rate differential and safe-haven demand for the Dollar, but price action is likely to remain volatile as markets monitor Japanese authorities, geopolitical developments and upcoming US labour market data for fresh direction.

Source: Reuters, Bloomberg

Currencies	Open	High	Low
EURUSD	1.1509	1.1515	1.1502
GBPUSD	1.3433	1.3433	1.3420
USDJPY	157.18	157.7500	157.18
USDINR	95.36	95.37	95.26
USDCNY	6.7568	6.7586	6.7555
USDCHF	0.8102	0.8107	0.8095
AUDUSD	0.7000	0.7024	0.6996

Rates	Last Price	Previous Day Close
O/N SOFR	3.660	3.660
1 month SOFR	3.657	3.657
3 month SOFR	3.751	3.751
6 months SOFR	3.878	3.878
12 month SOFR	4.045	4.045
3 years IRS	4.105	4.092
5 years IRS	4.123	4.109

NZDUSD	0.5871	0.5873	0.5862

The euro was little changed at $1.1508.The Japanese yen fell 0.3% to 157.65 per dollar.The offshore yuan was little changed at 6.7570 per dollar.AUD/USD fell 0.3% to 0.7000.NZD/USD fell 0.1% to 0.5871

The yield on 10-year Treasuries advanced two basis points to 4.69%.Japan's 10-year yield advanced three basis points to 2.850%.Australia's 10-year yield advanced four basis points to 4.97%.

	Current Levels
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
Trade Balance	16:30	-$73.0b	-$77.6b
Imports MoM	16:30	-1.9%	3.3%

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7601	1.479	11.03
Euro Stoxx 600	652	0.447	10.12
ShanghaiComposite Index	3816	0.156	-3.86
MSX-30	7349	0.735	25.27
NIFTY-50	24624	-0.607	-5.76
Brent Crude ($/bbl)	84.93	1.421	41.20
Gold ($/oz.)	4062	0.182	-5.97
DXY	100	0.121	1.72
Silver($/oz.)	59	1.287	-17.78

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