Bank Dhofar Morning Market Update

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Global Update

Global equities extended their advance as renewed optimism around artificial intelligence boosted technology stocks ahead of key earnings from major US technology companies and the Federal Reserve's policy decision. Asian markets led gains, with South Korea's Kospi surging 6.6% as SK Hynix jumped 10% after announcing a substantial shareholder return programme following a sevenfold increase in profits, while Samsung Electronics rose 9.5%. The broader MSCI Asia Pacific Index gained 1.4%, and Nasdaq 100 futures added 0.4%, reflecting continued confidence ahead of earnings from Alphabet, Microsoft and Amazon. In commodities, Brent crude rebounded 1.4% to around USD 115.40 per barrel amid reports of heightened geopolitical tensions. Meanwhile, bond markets remained cautious, with the US 10-year Treasury yield edging up to 5.02% ahead of the Fed announcement. The Federal Reserve is widely expected to keep interest rates unchanged despite stronger-than-expected inflation data, although markets continue to price in the possibility of an additional rate hike later in the year. In currency markets, the New Zealand dollar fell nearly 2% against the Australian dollar after the Reserve Bank of New Zealand unexpectedly left rates unchanged. Overall, investors remain focused on whether strong technology earnings can sustain the AI-driven equity rally while closely monitoring central bank guidance for clues on the future path of interest rates.

Gold (XAU/USD) eased from its weekly high near $4,070 during the Asian session as investors adopted a cautious stance ahead of the Federal Reserve's policy decision and Chair Kevin Warsh's subsequent press conference. While the Fed is widely expected to leave interest rates unchanged, market participants will closely scrutinise the accompanying statement and forward guidance for clues on the future policy path.From a technical perspective, gold remains supported above the 100-hour EMA at $4,044, helping to limit immediate downside pressure. Momentum indicators paint a mixed picture, with the RSI near 55 suggesting moderate bullish momentum, while the MACD has turned negative, indicating that upside momentum may be fading after the recent rally. The inability to sustain gains above the 38.2% Fibonacci retracement level at $4,063 further highlights the possibility of near-term consolidation or profit-taking.

On the upside, a decisive break above $4,063 could reignite bullish momentum and open the door towards $4,090 (50% Fibonacci retracement), followed by $4,116 (61.8% retracement). Further resistance levels are seen at $4,154 and the record high near $4,203. Conversely, a sustained move below the 100-hour EMA would increase downside risks towards $4,030, with further weakness potentially exposing the key support zone around $3,977.



Source: Reuters, Bloomberg

Currencies

	Open	High	Low
EURUSD	1.1125	1.1132	1.1120
GBPUSD	1.3306	1.3313	1.3294

Rates

	Last Price	Previous Day Close
O/N SOFR	3.930	3.930
1 month SOFR	3.925	3.925

USDJPY	157.95	158.0400	157.79	**3 month SOFR**	4.045	4.045
USDINR	95.04	95.17	95.01	**6 months SOFR**	4.185	4.185
USDCNY	6.6670	6.6689	6.6670	**12 month SOFR**	4.428	4.428
USDCHF	0.8291	0.8301	0.8283	**3 years IRS**	4.547	4.568
AUDUSD	0.7026	0.7055	0.7024	**5 years IRS**	4.517	4.538
NZDUSD	0.5681	0.5687	0.5585			

Major currency pairs were largely range-bound, reflecting a cautious market tone ahead of key central bank developments. The euro was little changed at 1.1123 against the US dollar, while the Japanese yen held steady near 157.98 per dollar as traders awaited fresh signals on monetary policy and bond yields. Meanwhile, the offshore Chinese yuan remained broadly unchanged at 6.6661 per dollar, suggesting limited directional conviction across Asian currencies. Overall, subdued movements in major FX pairs indicate that investors are holding positions ahead of upcoming policy guidance and economic catalysts.

Government bond yields moved higher across major markets as investors remained cautious ahead of the Federal Reserve's policy decision and awaited further guidance on the interest-rate outlook. The US 10-year Treasury yield rose 2 basis points to 5.02%, reflecting expectations that policymakers may maintain a restrictive stance despite an expected pause in rates. Meanwhile, Japan's 10-year government bond yield increased 3 basis points to 2.825%, while Australia's 10-year bond yield climbed 5 basis points to 5.21%, indicating broader upward pressure on global yields. The rise in sovereign borrowing costs underscores persistent inflation concerns and reinforces the market's focus on central bank guidance in the coming days.

	Current Levels
CBO Repo Rate	4.5
O/N OMIBOR	4
***Bank Deposit Rates for 1 years**	4.45
Bank Deposit Rates for 5 years	4.45

*Amount>500k OMR

Calendar

Key Data Watch	Time (GST)	Expected	Prior
MBA Mortgage Applications	15:00		-5.3%
Advance Goods Trade Balance	16:30	-$130.2b	-$132.6b

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7723	0.597	12.81
Euro Stoxx 600	644	0.471	8.69
ShanghaiComposite Index	3674	0.717	-7.42
MSX-30	7348	-0.137	25.24
NIFTY-50	22650	-0.437	-13.32
Brent Crude ($/bbl)	115.53	1.467	91.88
Gold ($/oz.)	4042	-0.459	-6.43
DXY	102	0.104	4.17
Silver($/oz.)	54	-0.843	-24.69

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