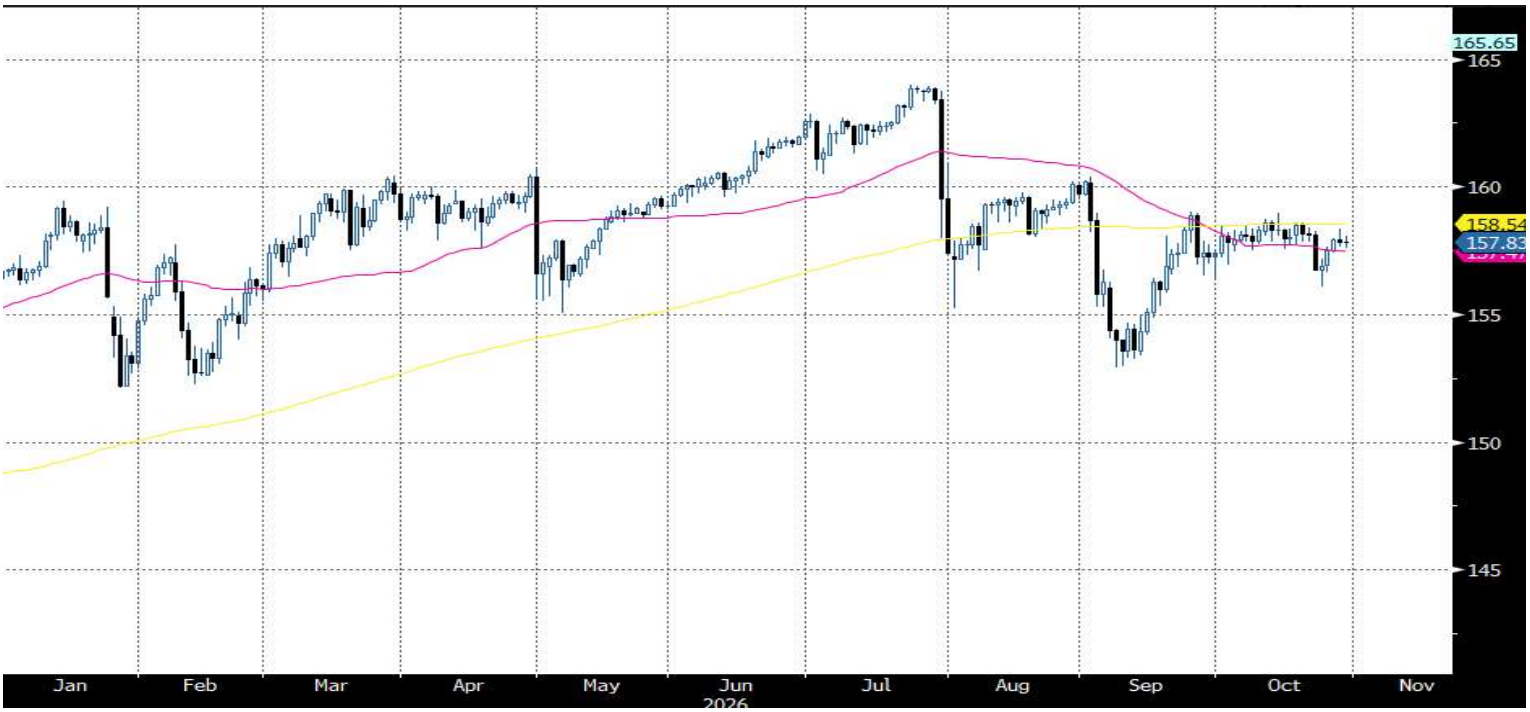
Bank Dhofar Morning Market Update

Date: 29/10/26

Global Update

Global equity markets weakened as concerns over the profitability of AI investments resurfaced following disappointing earnings from key technology companies. Alphabet Inc. fell 10% in extended trading after reporting weaker-than-expected sales, raising concerns that heavy AI spending is not yet generating sufficient returns. In Asia, Samsung Electronics Co. declined as much as 6.6% after disappointing investors with the absence of a new shareholder return programme, despite announcing higher capital expenditure plans to meet strong AI-driven memory demand. The sell-off weighed on broader technology sentiment, with South Korea's Kospi Index, often viewed as a proxy for the global AI trade, falling 2.5% after surging in the prior session following strong results from SK Hynix Inc.. Nasdaq 100 futures dropped 1.3%, while the MSCI Asia Pacific Index reversed earlier gains to end lower, highlighting investor scepticism about whether massive AI-related investments can justify elevated valuations in the near term. Not all technology earnings were negative. Microsoft Corp. gained 2.9% in after-hours trading on robust cloud-computing revenue, while Oracle Corp. surged 11% after providing an optimistic long-term free cash flow outlook, helping offset some of the broader weakness across the technology sector. In fixed-income markets, US Treasury yields declined after the Federal Reserve voted 10-2 to keep interest rates unchanged. The policy-sensitive two-year Treasury yield fell to 4.68%, while the 10-year and 30-year Treasury yields eased to 4.99% and 5.32%, respectively, reflecting continued demand for government bonds. Investors are now awaiting the release of US core PCE inflation data, the Fed's preferred measure of inflation, for further clues on the future direction of monetary policy.Commodity markets were softer, with gold declining 0.6% to around $4,040 per ounce and Bitcoin falling 1.7% below $80,000 as risk appetite weakened. Attention now shifts to upcoming policy decisions from the European Central Bank and the Bank of Japan, both of which are widely expected to leave interest rates unchanged, potentially keeping markets focused on inflation trends and economic growth prospects.

USD/JPY has recovered from the previous session's weakness and is trading back around the 158.00 handle as the US Dollar finds support after the Federal Reserve left interest rates unchanged, despite two policymakers dissenting in favour of a 25bp rate hike. The pair is benefiting from the still-wide US-Japan interest rate differential, while expectations that the Bank of Japan will maintain a cautious policy stance continue to weigh on the Yen. Recent declines in US Treasury yields may limit upside momentum, but overall dollar demand remains supported by resilient US economic data and lingering geopolitical uncertainties. In the daily chart, USD/JPY is trading near 157.90-158.00 following a V-shaped recovery and is holding above the 20-day EMA at 157.75, maintaining a mildly bullish bias. The RSI at 51.45 remains neutral, suggesting momentum is balanced but slightly favours buyers while the pair stays above the moving average. Immediate support is seen at 157.75, with a break below potentially exposing the recent low around 156.00. On the upside, the key resistance remains the September 24 high near 159.00; a decisive break above this level could trigger a fresh bullish leg toward the psychological 160.00 level. As long as USD/JPY holds above the 20-day EMA, dips are likely to attract buying interest, although traders may remain cautious ahead of upcoming inflation data and the Bank of Japan policy decision.



Source: Reuters, Bloomberg

Currencies

Rates

	Open	High	Low
EURUSD	1.1154	1.1161	1.1134
GBPUSD	1.3327	1.3336	1.3303
USDJPY	157.84	158.0700	157.61
USDINR	95.18	95.28	95.17
USDCNY	6.6639	6.6644	6.6616
USDCHF	0.8281	0.8297	0.8272
AUDUSD	0.7054	0.7068	0.7047
NZDUSD	0.5626	0.5637	0.5618

The major currency markets were broadly stable in Asian trading, with the Euro little changed at $1.1147 against the US Dollar. The Japanese Yen also traded largely unchanged at 157.75 per dollar, consolidating near recent highs as markets continued to assess the Federal Reserve's decision to keep interest rates unchanged and awaited further guidance from the Bank of Japan. Meanwhile, the offshore Chinese Yuan held steady at 6.6594 per dollar, reflecting a cautious market tone ahead of key central bank decisions and upcoming economic data releases. The muted moves across major currencies suggest investors are adopting a wait-and-see approach as they look for fresh catalysts from inflation data and monetary policy developments

	Last Price	Previous Day Close
O/N SOFR	3.950	#N/A N/A
1 month SOFR	3.933	3.933
3 month SOFR	4.063	4.063
6 months SOFR	4.206	4.206
12 month SOFR	4.456	4.456
3 years IRS	4.558	4.571
5 years IRS	4.542	4.558

Government bond yields moved lower across major markets as investors responded to central bank policy decisions and growing signs of moderating inflation pressures. The yield on the US 10-year Treasury declined two basis points to 4.99%, extending the rally in government bonds following the Federal Reserve's decision to leave interest rates unchanged. The decline in yields reflects expectations that US policy rates may remain stable in the near term. In Asia, Japan's 10-year government bond yield eased one basis point to 2.815%, while Australia's 10-year bond yield fell four basis points to 5.17%. The broad decline in sovereign yields suggests investors are positioning cautiously ahead of key economic data releases and upcoming policy decisions from the Bank of Japan and the European Central Bank. Lower yields across the US, Japan and

	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
Personal Income	16:30	0.3%	0.2%
Personal Spending	16:30	0.6%	0.9%

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7744	0.277	13.13
Euro Stoxx 600	644	0.072	8.77
ShanghaiComposite Index	3647	-0.933	-8.11
MSX-30	7377	0.399	25.74
NIFTY-50	22775	0.337	-12.84
Brent Crude ($/bbl)	114.10	-1.049	89.49
Gold ($/oz.)	4039	-0.703	-6.50
DXY	102	-0.008	3.93
Silver($/oz.)	53	-1.367	-25.70

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