Bank Dhofar Morning Market Update

BankDhofar

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Global Update

Global equity markets paused after a strong AI-led rally, with global stocks retreating from record highs as renewed weakness in semiconductor shares triggered profit-taking across technology sectors. The MSCI All Country World Index slipped 0.2%, ending a five-day winning streak, while Asian equities fell 1.2%, led by a sharp 4.4% decline in South Korea’s Kospi Index as heavyweight chipmakers SK Hynix and Samsung Electronics came under pressure. Investor caution intensified following disappointing earnings reactions, with Sandisk falling 8% and Western Digital plunging 12% in post-market trading despite reporting results, highlighting ongoing concerns about the sustainability of elevated AI-related valuations. In Japan, Kioxia dropped 9%, while market participants looked ahead to earnings from SoftBank and the opening of USD 101 billion worth of SpaceX shares for fresh insight into the outlook for the AI investment cycle. Despite the pullback in technology stocks, broader risk sentiment remained relatively stable, with US and European equity futures edging higher. Meanwhile, gold climbed 0.4% to its strongest level since June as lower oil prices and easing geopolitical risks reduced expectations of further Federal Reserve tightening, supporting demand for the non-yielding precious metal. Brent crude remained below USD 80 per barrel after Iran announced an agreement with Oman on a proposed shipping route through the Strait of Hormuz, a development that could help reopen the critical waterway and alleviate concerns over global energy supplies. The softer inflation outlook from lower oil prices also helped keep the US dollar subdued, while the benchmark 10-year US Treasury yield held steady around 4.61%. Investors continue to balance enthusiasm for the long-term AI growth story against concerns over stretched valuations and the pace of future earnings growth, while developments in the Middle East and evolving expectations for US monetary policy remain key drivers of market direction in the near term.
WTI crude oil recovered to around USD 75.50 per barrel, gaining approximately 1.6% after attracting bargain hunting following the sharp sell-off of more than 5% in the previous session. Despite the rebound, sentiment remains cautious as improving diplomatic relations between the United States and Iran continue to support expectations of a reopening of the Strait of Hormuz, easing concerns over potential disruptions to global oil supplies and limiting the upside for crude prices. The prospect of smoother energy flows through one of the world's most important shipping routes has reduced the geopolitical risk premium embedded in oil markets, even as traders take advantage of oversold conditions. From a technical perspective, WTI is attempting to stabilise after finding support near the USD 74.00-74.50 region, with prices rebounding towards immediate resistance around USD 76.50. Momentum indicators suggest the recent selling pressure is beginning to ease, although the broader bias remains cautious while prices trade below key short-term moving averages. A sustained break above USD 76.50 could pave the way for a move towards USD 78.00 and potentially the USD 80.00 psychological level, while failure to maintain gains may see prices retest support at USD 74.00, followed by USD 72.50. Overall, the near-term outlook for oil remains balanced between technical recovery and fundamentally bearish developments relating to the easing of Middle East supply risks, with further headlines on US-Iran negotiations likely to dictate the next directional move.

Source: Reuters, Bloomberg

Currencies

	Open	High	Low
EURUSD	1.1553	1.1560	1.1547
GBPUSD	1.3468	1.3473	1.3458
USDJPY	157.75	157.7600	157.56

Rates

	Last Price	Previous Day Close
O/N SOFR	3.660	3.660
1 month SOFR	3.651	3.651
3 month SOFR	3.761	3.761

USDINR	95.14	95.17	95.11
USDCNY	6.7486	6.7489	6.7467
USDCHF	0.8071	0.8075	0.8060
AUDUSD	0.7058	0.7060	0.7045
NZDUSD	0.5888	0.5896	0.5880

The euro was little changed at $1.1549.The Japanese yen was little changed at 157.72 per dollar.The offshore yuan was little changed at 6.7491 per dollar.

6 months SOFR	3.900	3.900
12 month SOFR	4.072	4.072
3 years IRS	4.034	4.034
5 years IRS	4.045	4.048

The yield on 10-year Treasuries was little changed at 4.61%.Japan's 10-year yield declined three basis points to 2.775%.Australia's 10-year yield advanced two basis points to 4.92%.

	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
Challenger Job Cuts YoY	13:30		-4.5%
Nonfarm Productivity	16:30	0.6%	0.3%

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7724	-0.168	12.83
Euro Stoxx 600	657	0.043	10.97
ShanghaiComposite Index	3879	0.013	-2.27
MSX-30	7349	0.195	25.27
NIFTY-50	24647	0.092	-5.67
Brent Crude ($/bbl)	79.10	-0.453	29.98
Gold ($/oz.)	4257	0.241	-1.44
DXY	100	0.046	1.42
Silver($/oz.)	62	0.023	-13.40

For any Treasury related requirement, please contact:
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