

Bank Dhofar Morning Market Update



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Global Update

Global equities advanced at the start of the week after softer-than-expected US employment data reinforced expectations that the Federal Reserve may be nearing the end of its tightening cycle. Improved risk sentiment lifted Asian equities, with the MSCI Asia Pacific Index rising 1%, led by technology shares. Japan’s Nikkei 225 jumped 2.5%, while Taiwan Semiconductor gained on reports of a potential collaboration with Elon Musk’s Terafab. The positive mood followed a record close for the Nasdaq 100, supported by renewed appetite for growth and AI-related stocks. Fixed-income markets also stabilised, with US Treasuries posting modest gains as investors reduced expectations of additional Fed rate hikes. The benchmark 10-year Treasury yield eased to 5.25%, while money markets priced less than a 20% probability of a rate increase at the next Fed meeting. Lower oil prices added to the constructive backdrop, with Brent crude falling below \$102 per barrel after Saudi Arabia reduced official selling prices to Asia, signalling stronger supply flows and easing inflation concerns. In currencies, the US dollar strengthened broadly as investors sought relative safety amid renewed political uncertainty in Europe. The euro fell to its weakest level since May 2025, pressured by reports that Spanish officials are preparing for an early election and by lingering concerns over France’s fiscal outlook and political stability. The widening spread between French and German government bonds has further weighed on the single currency, prompting several strategists to lower their near-term euro forecasts. Despite the improvement in global risk sentiment, investors remain alert to signs of stress in European sovereign debt markets. Recent underperformance in French bonds has revived memories of the euro-area debt crisis, with political developments and budget disputes adding to pressure. While softer US economic data has temporarily supported equities and bonds, markets continue to balance expectations of lower interest rates against ongoing concerns surrounding government borrowing, inflation dynamics, and global fiscal sustainability. EUR/USD remained under pressure near 1.1245 during the Asian session as concerns over France’s fiscal outlook and broader Eurozone political uncertainty weighed on the euro. The pair has broken below both the 100-day SMA (1.1510) and the mid-Bollinger Band (1.1440), reinforcing a bearish near-term outlook. Momentum remains weak, with the RSI (14) at 20.2 deep in oversold territory, indicating that while downside risks remain dominant, the recent decline may be overstretched and vulnerable to corrective rebounds. Immediate support is seen at the lower Bollinger Band around 1.1200, with a break below this level likely to trigger further losses, while any recovery attempts are expected to face resistance at 1.1440, followed by the 100-day SMA at 1.1510 and the upper Bollinger Band near 1.1685. Overall, the technical bias remains bearish as long as



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1257	1.1261	1.1161	O/N SOFR	3.870	#N/A N/A
GBPUSD	1.3243	1.3250	1.3190	1 month SOFR	3.912	3.912

USDJPY	157.73	158.1700	157.44	3 month SOFR	4.031	4.031
USDINR	96.22	96.27	96.22	6 months SOFR	4.191	4.191
USDCNY	6.7051	6.7061	6.7031	12 month SOFR	4.483	4.483
USDCHF	0.8287	0.8316	0.8278	3 years IRS	4.707	4.734
AUDUSD	0.6957	0.6958	0.6932	5 years IRS	4.737	4.760
NZDUSD	0.5620	0.5621	0.5584			

The euro fell 0.7% to \$1.1172. Sterling fell 0.4% to \$1.3025. The Australian dollar declined 0.5% to \$0.6620. The Japanese yen fell 0.1% to 158.05 per dollar. The offshore yuan was little changed at 6.7107 per dollar.

The yield on 10-year US Treasuries was little changed at 5.26%. Germany's 10-year Bund yield eased 2 bps to 2.74%. France's 10-year government bond yield rose 3 bps to 3.62%. Japan's 10-year government bond yield was unchanged at 3.09%. Australia's 10-year government bond yield was little changed at 5.34%. UK 10-year gilt yields were little changed at 4.87%.

				Global Markets			
			Current Levels		Level	1-Day Change (%)	YTD (%)
CBO Repo Rate			4.5				
O/N OMIBOR			4	S&P 500	7723	0.734	12.81
*Bank Deposit Rates for 1 years			4.45	Euro Stoxx 600	631	0.750	6.61
				Shanghai Composite Index	3842	0.307	-3.19
Bank Deposit Rates for 5 years			4.45	MSX-30	7678	1.045	30.87
*Amount>500k OMR				NIFTY-50	22573	0.672	-13.61
Calendar				Brent Crude (\$/bbl)	101.73	-0.489	68.96
				Gold (\$/oz.)	4134	-0.179	-4.30
Key Data Watch	Time (GST)	Expected	Prior			0.538	
S&P Global US Services PMI	17:45	58.7	58.7	DXY	102		4.23
S&P Global US Composite PMI	17:45	58.3	58.4	Silver(\$/oz.)	61	1.043	-14.89

For any Treasury related requirement, please contact:

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