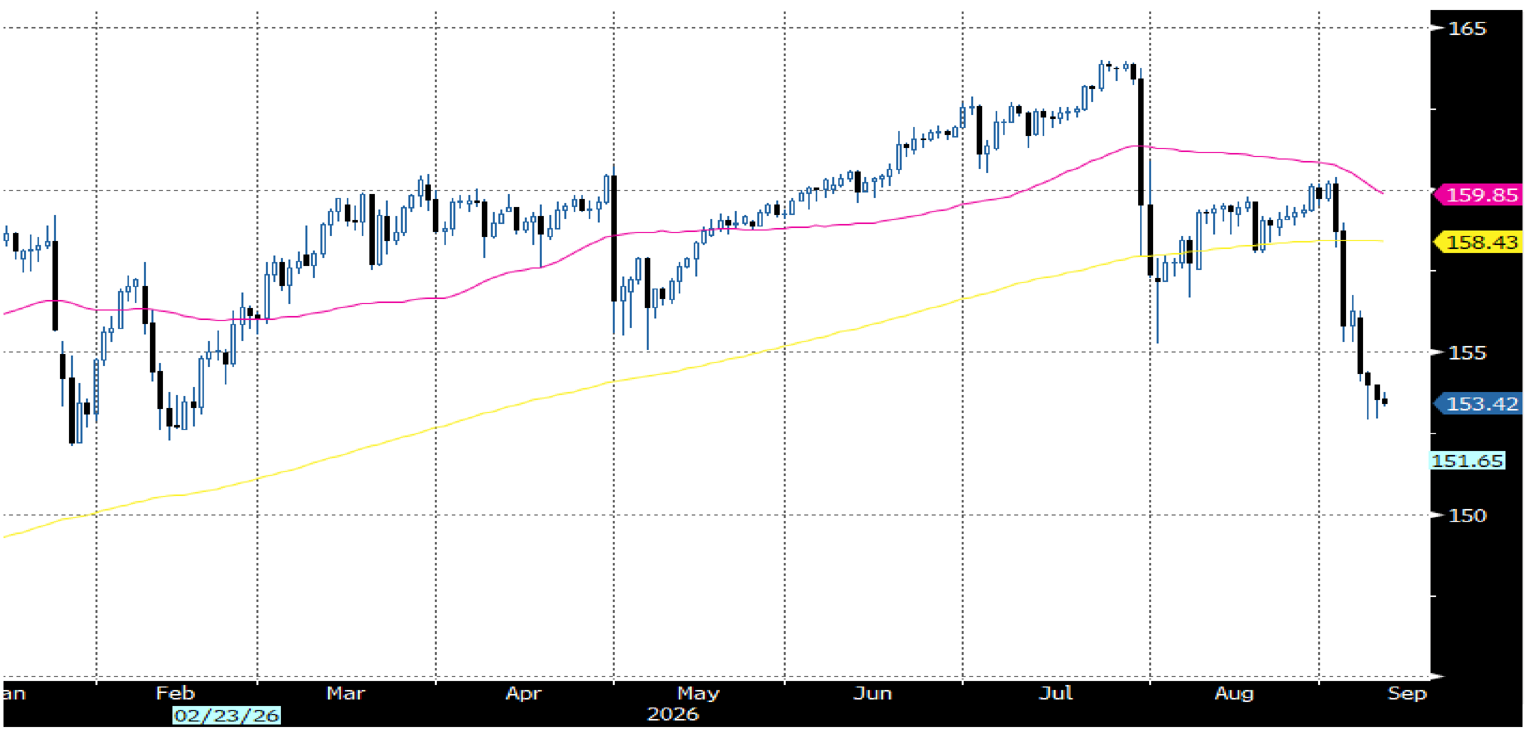
Bank Dhofar Morning Market Update

Date: 10/09/26

Global Update

Asian equities traded lower on Thursday, extending losses from Wall Street as rising oil prices and higher US Treasury yields heightened concerns over inflation and the prospect of further global monetary tightening. The MSCI Asia Pacific Index fell 0.6%, with markets across Japan, South Korea, Taiwan, and Australia under pressure, while the S&P 500 and Nasdaq 100 declined 0.5% and 0.3%, respectively. Brent crude remained above USD 101 per barrel after Iran signalled readiness for a prolonged conflict amid escalating Middle East tensions, raising concerns over potential supply disruptions. Meanwhile, the US 10-year Treasury yield hovered near 4.85%, its highest level since late 2023, as investors reacted to a smaller-than-expected US debt buyback programme. Markets are now focused on Friday's US inflation data, which could shape expectations for next week's Federal Reserve meeting. A stronger inflation reading may reinforce expectations of further rate hikes, while softer data could ease pressure on risk assets.

USD/JPY is attempting a modest rebound during Asian trading, hovering around the mid-153.00 region as traders turn cautious ahead of the upcoming US inflation report. Despite the intraday uptick, the broader trend remains negative, with the pair trading near a seven-month low reached earlier this week.The Japanese yen continues to draw support from expectations that the Bank of Japan will maintain its policy normalisation path. Recent hawkish remarks from BoJ officials have reinforced market expectations of additional rate hikes, supporting the yen and limiting any meaningful USD/JPY recovery.From a technical perspective, the pair remains firmly bearish after breaking below the key 155.30-155.20 support zone, which has now turned into a significant resistance area. As long as prices remain below this level, downside risks are likely to persist. Immediate support is seen at 153.00, and a sustained break below this threshold could trigger another wave of selling, opening the door for a deeper decline as the market searches for a more durable base. On the upside, any recovery is likely to face resistance around 154.50, followed by the 155.20-155.30 region.



Source: Reuters, Bloomberg

Currencies	Open	High	Low
EURUSD	1.1633	1.1641	1.1630
GBPUSD	1.3547	1.3560	1.3543
USDJPY	153.56	153.7400	153.29

Rates	Last Price	Previous Day Close
O/N SOFR	3.640	#N/A N/A
1 month SOFR	3.768	3.768
3 month SOFR	3.837	3.837

USDINR	95.25	95.32	95.17
USDCNY	6.7087	6.7092	6.7076
USDCHF	0.8101	0.8104	0.8086
AUDUSD	0.7217	0.7226	0.7208
NZDUSD	0.5839	0.5855	0.5834

The Japanese yen strengthened modestly, gaining 0.1% to around 153.46 per dollar after Kazuyuki Masu, a Bank of Japan board member, reiterated that the central bank will continue raising interest rates to prevent inflation from persistently exceeding its 2% target. The euro was little changed at $1.1637.The Japanese yen was little changed at 153.48 per dollar.The offshore yuan was little changed at 6.7070 per dollar.

6 months SOFR	3.969	3.969
12 month SOFR	4.160	4.160
3 years IRS	4.317	4.322
5 years IRS	4.336	4.341

The US Bureau of Labor Statistics will release August producer-price data laater Thursday, followed by the consumer-price-index numbers the following day.
Swaps imply about a 62% chance the Fed will raise rates by a quarter point at its Sept. 15-16 meeting, up from 60% odds on Tuesday. At least two rate hikes by the middle of next year are fully priced in.The yield on 10-year Treasuries was little changed at 4.84%.Japan's 10-year yield advanced 4.5 basis points to 2.925%
Australia's 10-year yield advanced six basis points to 5.27%.

	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	4.45

*Amount>500k OMR

Calendar

Key Data Watch	Time (GST)	Expected	Prior
Initial Jobless Claims	16:30	205k	206k
Continuing Claims	16:30	1780k	1779k

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7636	-0.484	11.55
Euro Stoxx 600	640	-1.415	8.14
ShanghaiComposite Index	3938	-0.336	-0.77
MSX-30	7626	0.162	29.98
NIFTY-50	23411	-0.090	-10.41
Brent Crude ($/bbl)	100.72	-0.494	67.32
Gold ($/oz.)	4424	0.563	2.41
DXY	99	-0.077	0.43
Silver($/oz.)	68	0.612	-5.52

For any Treasury related requirement, please contact:
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