

Bank Dhofar Morning Market Update



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Global Update

Global markets began the new quarter on a firmer footing, with US equity futures and Asian technology stocks advancing after Micron Technology delivered an upbeat outlook, reinforcing optimism around ongoing AI-driven demand. Nasdaq 100 futures rose 0.8%, while Japan’s Nikkei gained 2.7% and South Korea’s Kospi added 1.2%, led by strength in technology shares. Investor sentiment also received support from Alphabet’s latest AI developments, although caution persisted ahead of Friday’s US payrolls report and growing focus on November’s midterm elections. In fixed income markets, US Treasury yields remained elevated, with the benchmark 10-year Treasury yield holding near 5.28% and the 30-year yield steady at 5.62%, close to levels last seen in 2002. While softer-than-expected US inflation data has reduced the likelihood of an immediate Federal Reserve rate hike, investors remain concerned that oil prices near USD 100 per barrel could keep inflation pressures elevated. Global government bonds ended September with their worst quarterly performance since late 2024 amid rising yields and persistent inflation concerns. In currency markets, the US dollar strengthened against major peers, supported by higher yields and continued demand for dollar assets. The Japanese yen weakened 0.5% to around 158.10 per dollar after Bank of Japan meeting minutes failed to signal any imminent policy tightening, while the New Zealand dollar fell to its weakest level since November. Commodity markets were mixed, with gold edging higher to around USD 4,170 per ounce as investors balanced inflation risks against softer Fed expectations. Silver gained 1.2% to approximately USD 61.15 per ounce, while crude oil prices retreated, with WTI falling 1.4% to around USD 89.10 per barrel and Brent trading below USD 97, amid expectations that recovering Middle East supply flows could help ease concerns over tight global energy markets.

The USD/JPY pair builds on the previous day's bounce from the 156.40-156.35 region, or a one-and-a-half-week low, and gains strong follow-through traction during the Asian session on Thursday. The momentum lifts spot prices to a fresh weekly high, beyond the 158.00 mark, and is sponsored by the prevailing strong bullish sentiment surrounding the US Dollar (USD). The USD/JPY pair has been showing some resilience below the 38.2% Fibonacci retracement level, though it remains below the 100-day Simple Moving Average (SMA) and the key 61.8% Fibo. retracement confluence near the 159.55-159.75 area. Spot prices approach the 50.0% retracement at 158.45, which acts as the first topside pivot. A failure to reclaim this level keeps the pair capped within a corrective phase against the recent advance.

On the downside, initial support emerges at the 38.2% Fibo. retracement at 157.14, ahead of a deeper floor at the 23.6% retracement near 155.51. A sustained break below these levels would expose the structural anchor of the current cycle around 152.88.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1330	1.1337	1.1320	O/N SOFR	3.880	#N/A N/A

GBPUSD	1.3265	1.3273	1.3250	1 month SOFR	3.915	3.915
USDJPY	157.41	158.3000	157.34	3 month SOFR	4.096	4.096
USDINR	95.96	95.98	95.90	6 months SOFR	4.281	4.281
USDCNY	6.7051	6.7061	6.7031	12 month SOFR	4.604	4.604
USDCHF	0.8358	0.8367	0.8347	3 years IRS	4.783	4.792
AUDUSD	0.6947	0.6957	0.6940	5 years IRS	4.802	4.810
NZDUSD	0.5633	0.5651	0.5618			

The US dollar remained broadly firm, with the euro little changed at 1.1329, while the Japanese yen weakened 0.4% to 158.10 per dollar following dovish signals from the Bank of Japan. The offshore yuan slipped 0.1% to 6.7160 per dollar amid ongoing concerns over China's economic outlook, while the Australian dollar held steady at 0.6953, supported by resilient risk sentiment and stable commodity prices.

Bond Market Snapshot: Global bond yields remained elevated, with the 10-year US Treasury yield holding near 5.28% as investors weighed the outlook for Federal Reserve policy. In Asia, Japan’s 10-year government bond yield rose 6 basis points to 3.11%, while Australia’s 10-year yield climbed 4 basis points to 5.39%, reflecting ongoing pressure on sovereign debt markets amid persistent inflation concerns and higher global interest-rate expectations.

				Global Markets			
			Current Levels		Level	1-Day Change (%)	YTD (%)
CBO Repo Rate			4.5				
O/N OMIBOR			4	S&P 500	7652	-0.252	11.77
*Bank Deposit Rates for 1 years			4.45	Euro Stoxx 600	635	-0.500	7.21
				ShanghaiComposite Index	3842	0.307	-3.19
Bank Deposit Rates for 5 years			4.45	MSX-30	7567	-0.161	28.98
*Amount>500k OMR				NIFTY-50	22559	-0.271	-13.66
Calendar				Brent Crude (\$/bbl)	96.96	-1.092	61.01
Key Data Watch	Time (GST)	Expected	Prior	Gold (\$/oz.)	4175	0.435	-3.33
Challenger Job Cuts YoY	13:30	-20.0%	-38.5%	DXY	102	0.169	3.36
Initial Jobless Claims	16:30	200k	197k				
				Silver(\$/oz.)	61	1.214	-14.66

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