Bank Dhofar Morning Market Update

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Global Update

Global markets extended their rally as investors doubled down on the artificial intelligence growth story, driving major equity benchmarks to fresh record highs. MSCI's All Country World Index rose 0.4%, while Asia-Pacific equities surged 2.2% and Australian stocks touched new peaks, following record closes on Wall Street where both the S&P 500 and Dow Jones Industrial Average ended at all-time highs. Semiconductor stocks remained at the forefront of the advance, with SK Hynix jumping 6.4% and Nvidia gaining in after-hours trading after renewed optimism surrounding its next-generation AI chips, reinforcing expectations of sustained investment in artificial intelligence infrastructure. However, gains were tempered by weakness in selected technology names, with AMD falling 9% after issuing a softer sales outlook and SpaceX shares declining on concerns over rising expenditure linked to its AI ambitions. Meanwhile, risk appetite improved across asset classes as geopolitical tensions showed signs of easing, with reports indicating progress toward a US-Iran agreement, brokered with Omani involvement, that could reopen the Strait of Hormuz and normalise commercial shipping through one of the world's most critical energy corridors. The prospect of reduced supply disruption weighed on oil prices, with Brent crude falling 1.1% to around USD 78.50 per barrel. Lower geopolitical risk and moderating expectations for further Federal Reserve tightening supported demand for government bonds, pushing the benchmark 10-year US Treasury yield marginally lower to 4.60%, while the US dollar weakened for a third consecutive session against most G10 currencies as demand for traditional safe-haven assets faded. Precious metals benefited from the decline in yields and softer dollar, with gold rising 1.2% to approximately USD 4,125 per ounce, alongside gains in silver and platinum. Overall, markets were driven by a combination of AI-fuelled growth optimism, easing Middle East tensions, softer energy prices and expectations that interest rates may remain steady, creating a supportive backdrop for global risk assets while reducing demand for defensive positions.

Gold extended its gains for a second consecutive session, surging above the USD 4,100/oz mark and reaching its highest level in nearly two weeks as a softer US dollar and declining expectations of further Federal Reserve rate hikes boosted demand for the precious metal. Market sentiment was further supported by optimism surrounding a potential US-Iran agreement and the reopening of the Strait of Hormuz, reducing geopolitical uncertainty while weighing on the greenback and enhancing gold's appeal as an alternative store of value. From a technical perspective, bullion remains firmly constructive after breaking above the 200-period EMA on the 4-hour chart, with momentum indicators continuing to favour the bulls. The RSI near 65 reflects healthy upward momentum, while a positive MACD histogram suggests buyers remain in control in the near term. However, the rally may encounter resistance around the USD 4,130 area, where overbought conditions could trigger some profit-taking. On the downside, initial support is seen near the 200-period EMA around USD 4,115, with a break below this level potentially opening the door for a deeper correction towards USD 4,065, followed by the USD 4,043-4,042 zone, USD 4,020 and the key psychological support at USD 4,000. Overall, the combination of easing rate expectations, a weaker dollar and improving technical momentum continues to underpin gold prices, although traders will remain alert to signs of exhaustion after the sharp recent advance.

Source: Reuters, Bloomberg

Currencies			
	Open	High	Low
EURUSD	1.1531	1.1541	1.1527
GBPUSD	1.3452	1.3460	1.3444

Rates		
	Last Price	Previous Day Close
O/N SOFR	3.650	3.650
1 month SOFR	3.650	3.650

USDJPY	157.75	157.8100	157.31
USDINR	94.93	95.05	94.92
USDCNY	6.7486	6.7489	6.7460
USDCHF	0.8091	0.8096	0.8074
AUDUSD	0.7046	0.7056	0.7040
NZDUSD	0.5894	0.5896	0.5866

The euro was little changed at $1.1537.The Japanese yen rose 0.2% to 157.46 per dollar.The offshore yuan was little changed at 6.7461 per dollar

3 month SOFR	3.759	3.759
6 months SOFR	3.900	3.900
12 month SOFR	4.090	4.090
3 years IRS	4.032	4.037
5 years IRS	4.042	4.048

The yield on 10-year Treasuries declined one basis point to 4.60%.Japan’s 10-year yield declined three basis points to 2.825%.Australia’s 10-year yield declined six basis points to 4.91%.

	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

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7737	1.790	13.02
Euro Stoxx 600	657	0.732	10.92
ShanghaiComposite Index	3874	1.341	-2.40
MSX-30	7335	-0.194	25.02
NIFTY-50	24626	0.045	-5.75
Brent Crude ($/bbl)	78.76	-0.743	30.91
Gold ($/oz.)	4138	1.471	-4.20
DXY	100	-0.077	1.48
Silver($/oz.)	61	2.174	-15.09

Calendar

Key Data Watch	Time (GST)	Expected	Prior
MBA Mortgage Applications	15:00	0	-6.4%
ADP Employment Change	16:15	65k	98k

For any Treasury related requirement, please contact:
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