

# Bank Dhofar Morning Market Update



Date: 21/10/26

## Global Update

Global equities rebounded as strong technology earnings helped restore confidence in the AI trade following last week's sharp selloff. Asian markets led gains, with South Korea's Kospi rising 2.3% and Taiwan's Taixex advancing 1.2%, supported by rallies in major AI-related stocks after earnings from SpaceX and Super Micro Computer exceeded expectations. The MSCI Asia Pacific Index gained 1%, snapping a two-day losing streak, while Nasdaq 100 futures climbed 0.8%, pointing to a firmer start for US technology stocks. European equities were also set to open higher as investors welcomed signs of resilience within the AI sector. Despite the recovery, investors remain cautious after the Nasdaq 100 fell 5.5% last week, marking its steepest weekly decline since April 2025, while the Philadelphia Semiconductor Index recorded its longest losing streak since 2008. Questions persist over whether the substantial capital spending on AI infrastructure will generate sufficient returns. AI-linked stocks continued to show significant volatility, with Elice surging 30% in Seoul, while Australian data-centre operator Nextdc plunged 40% after lowering its outlook. In commodities, Brent crude rose above USD 110 per barrel as attacks on vessels near the Strait of Hormuz raised concerns over potential supply disruptions, while US inventory data indicated another decline in stockpiles. The US dollar traded marginally stronger against most major peers, and Treasuries gave back part of the previous session's gains as markets balanced improving risk sentiment with ongoing geopolitical and economic uncertainties. Overall, investor sentiment has improved, but caution remains elevated amid lingering concerns surrounding the sustainability of the AI-driven investment cycle. Gold (XAU/USD) remains under pressure after falling to a fresh weekly low during Asian trading, with the metal struggling to regain momentum as a modest US dollar rebound and expectations of further Federal Reserve policy tightening continue to weigh on sentiment. The failure to break above the 100-period EMA at \$4,175 reinforces the bearish outlook, while concerns that persistently high oil prices could keep inflation elevated support a higher-for-longer interest rate environment. From a technical perspective, momentum indicators remain negative. The MACD at -4.65 remains in bearish territory, while the RSI at 39.16 suggests downside momentum is intact without yet reaching oversold conditions. Immediate support is seen at \$4,100, and a decisive break below this level could trigger further losses towards the monthly low near \$4,066, followed by the key psychological support at \$4,000. A sustained move lower could expose the year-to-date low around \$3,943-\$3,942. On the upside, \$4,175 remains the key resistance level. A sustained break above the 100-period EMA would be required to ease current bearish pressure and signal a broader recovery towards higher resistance levels. Until then, rallies are likely to attract sellers, keeping the near-term bias tilted to the downside.



Source: Reuters, Bloomberg

| Currencies |        |        |        | Rates    |            |                    |
|------------|--------|--------|--------|----------|------------|--------------------|
|            | Open   | High   | Low    |          | Last Price | Previous Day Close |
| EURUSD     | 1.1237 | 1.1239 | 1.1224 | O/N SOFR | 3.870      | #N/A N/A           |

|        |        |          |        |               |       |       |
|--------|--------|----------|--------|---------------|-------|-------|
| GBPUSD | 1.3380 | 1.3385   | 1.3370 | 1 month SOFR  | 3.951 | 3.951 |
| USDJPY | 158.17 | 158.3900 | 158.04 | 3 month SOFR  | 4.084 | 4.084 |
| USDINR | 94.79  | 94.82    | 94.53  | 6 months SOFR | 4.240 | 4.240 |
| USDCNY | 6.6773 | 6.6808   | 6.6773 | 12 month SOFR | 4.496 | 4.496 |
| USDCHF | 0.8246 | 0.8264   | 0.8246 | 3 years IRS   | 4.643 | 4.658 |
| AUDUSD | 0.7003 | 0.7030   | 0.6997 | 5 years IRS   | 4.643 | 4.661 |
| NZDUSD | 0.5684 | 0.5688   | 0.5672 |               |       |       |

The forex market was largely stable, with the euro little changed at 1.1228 against the US dollar, while the Japanese yen held steady at 158.06 per dollar and the offshore Chinese yuan traded nearly unchanged at 6.6777 per dollar. The Australian dollar outperformed its peers, rising 0.1% to 0.7013, supported by improved risk sentiment and a rebound in technology-related assets, as investors remained focused on global growth prospects, central bank policy expectations, and developments in the AI sector.

Bond markets were relatively steady, with the US 10-year Treasury yield rising 1 basis point to 5.12%, reflecting persistent inflation concerns and expectations that interest rates may remain elevated for longer. Meanwhile, Japan’s 10-year government bond yield was unchanged at 2.895%, as markets awaited further guidance from the Bank of Japan, while Australia’s 10-year government bond yield was little changed at 5.26%, indicating a cautious investor stance amid mixed economic signals and evolving central bank expectations. Overall, sovereign yields remained near elevated levels as investors balanced resilient economic growth against ongoing inflation risks.

|                                 |  |  |                | Global Markets          |        |                  |         |
|---------------------------------|--|--|----------------|-------------------------|--------|------------------|---------|
|                                 |  |  | Current Levels |                         | Level  | 1-Day Change (%) | YTD (%) |
| CBO Repo Rate                   |  |  | 4.5            |                         |        |                  |         |
| O/N OMIBOR                      |  |  | 4              | S&P 500                 | 7713   | 0.284            | 12.67   |
| *Bank Deposit Rates for 1 years |  |  | 4.45           | Euro Stoxx 600          | 639    | -0.144           | 7.84    |
|                                 |  |  |                | ShanghaiComposite Index | 3724   | -0.306           | -6.17   |
| Bank Deposit Rates for 5 years  |  |  | 4.45           | MSX-30                  | 7554   | -1.055           | 28.76   |
| *Amount>500k OMR                |  |  |                | NIFTY-50                | 22939  | 0.220            | -12.21  |
|                                 |  |  |                | Brent Crude (\$/bbl)    | 110.19 | 1.296            | 83.00   |
| Key Data Watch                  |  |  | Time (GST)     | Expected                | Prior  | Gold (\$/oz.)    | -4.73   |
|                                 |  |  |                |                         |        | 0.073            |         |
| MBA Mortgage Applications       |  |  | 15:00          |                         |        | DXY              | 3.51    |
|                                 |  |  |                |                         |        | Silver(\$/oz.)   | -20.02  |

**For any Treasury related requirement, please contact:**  
**Telephone: +968 2265 2721/2722/2731/2716**

Disclaimer: Any information contained in this document should not be construed as an offer, invitation, solicitation, or advice of any kind to buy or sell any financial products or services offered by Bank Dhofar S.A.O.G (“Bank Dhofar S.A.O.G”), unless specifically stated so. Foreign exchange and derivative transactions involve numerous risks including among others, market, counterparty default and illiquidity risk. Before entering into any transaction you should take steps to ensure that you understand the transaction and have made an independent assessment of the appropriateness of the transaction in the light of your own objectives and circumstances, including the possible risks and benefits of entering into such transaction. You may consider asking advice from your advisers in making this assessment. No part of this report/document may be copied or redistributed by any recipient for any purpose without Bank Dhofar S.A.O.G’s prior written consent. All information contained in this document has been obtained from official sources believed to be accurate and reliable and Bank Dhofar S.A.O.G makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Opinions, estimates and projections constitute the current judgment of the author as of the date of this report. They do not necessarily reflect the opinion of Bank Dhofar S.A.O.G and are subject to change without notice.