Bank Dhofar Morning Market Update

Date: 10/08/26

Global Update

Global equities remained supported at the start of the week, with the MSCI All Country World Index edging higher and trading near record levels as investors renewed confidence in artificial intelligence-related stocks following recent volatility. Asian markets outperformed, led by semiconductor names such as TSMC and SK Hynix, after softer-than-expected US labour market data reinforced expectations that the Federal Reserve may not need to tighten policy further in the near term. Futures pointed to modest gains for US equities, while European markets were set for a muted open. Recent market reports also highlight continued AI-driven optimism and strength in technology shares despite concerns over elevated valuations.In fixed income markets, Treasury yields rebounded slightly after Friday's rally, with the 10-year US yield moving higher as investors reassessed the interest rate outlook. Following weaker US employment data and downward revisions to prior months' payrolls, expectations for a September Fed rate hike were scaled back, supporting risk sentiment across equity markets.Meanwhile, oil prices extended recent gains as geopolitical tensions in the Middle East remained a key focus. Brent crude advanced on concerns surrounding Iran and continued uncertainty over arrangements to restore normal shipping through the Strait of Hormuz, a critical route for global energy supplies. The strengthening oil price backdrop also helped support the US dollar against most major currencies. Geopolitical developments involving Iran and the Strait of Hormuz continue to be viewed as one of the most significant drivers of energy markets and broader investor sentiment.

EUR/USD rebounded strongly and climbed to the 1.1560 area, its highest level in nearly two months, as the US Dollar came under renewed pressure following weaker-than-expected US labour market data. July Non-Farm Payrolls showed an unexpected contraction in employment, prompting investors to scale back expectations for further Federal Reserve tightening and supporting demand for the euro. Recent market commentary indicates that the disappointing NFP report has reduced hawkish Fed expectations and kept the dollar on the defensive.From a technical perspective, the pair remains in a constructive uptrend after rallying from the 1.1323 low. Immediate focus is on the 1.1613-1.1621 resistance zone, which represents a key Fibonacci retracement level and a significant technical hurdle. A decisive break above this area would strengthen the case that the broader correction from 1.2081 has ended, opening the door for a move towards the next major target near 1.1790. Conversely, failure to sustain gains and a move below 1.1513 would likely trigger near-term consolidation and shift momentum to a neutral bias.

In the medium-term view, the recovery from the 1.1353 support region suggests underlying bullish momentum remains intact. As long as EUR/USD holds above this key support and ultimately clears the 1.1621 resistance, the broader outlook favours further appreciation. However, rejection from current levels could revive concerns that the longer-term downtrend from 1.2081 is not yet complete.

Source: Reuters, Bloomberg

Currencies	Open	High	Low
EURUSD	1.1558	1.1567	1.1548
GBPUSD	1.3486	1.3499	1.3483
USDJPY	157.57	158.3200	157.54
USDINR	95.18	95.26	95.17

Rates	Last Price	Previous Day Close
O/N SOFR	3.650	3.650
1 month SOFR	3.645	3.645
3 month SOFR	3.761	3.761
6 months SOFR	3.892	3.892

USDCNY	6.7456	6.7473	6.7446
USDCHF	0.8095	0.8095	0.8069
AUDUSD	0.7059	0.7070	0.7053
NZDUSD	0.5888	0.5902	0.5878

The euro was little changed at $1.1550.The Japanese yen fell 0.3% to 158.19 per dollar.The offshore yuan was little changed at 6.7464 per dollar

12 month SOFR	4.055	4.055
3 years IRS	4.065	4.053
5 years IRS	4.085	4.073

The yield on 10-year Treasuries was little changed at 4.65%.Japan's 10-year yield advanced 2.5 basis points to 2.810%.Australia's 10-year yield declined two basis points to 4.99%.

	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	7758	0.618	13.32
Euro Stoxx 600	660	0.313	11.49
ShanghaiComposite Index	3948	0.200	-0.53
MSX-30	7396	0.375	26.06
NIFTY-50	24514	-0.231	-6.18
Brent Crude ($/bbl)	84.41	1.053	40.32
Gold ($/oz.)	4334	-0.166	0.35
DXY	100	0.187	1.43
Silver($/oz.)	64	0.401	-10.95

Calendar

Key Data Watch	Time (GST)	Expected	Prior
NFIB Small Business Optimism	14:00	97.4	97.4
ADP Weekly Employment Change	16:15		15.00k

For any Treasury related requirement, please contact:
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