Bank Dhofar Morning Market Update

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Global Update

Asian equities opened the week on a relatively firmer footing after Friday's sharp Wall Street selloff, with losses across the region proving more contained and US equity futures pointing to a modest rebound. Japanese and Australian stocks declined, while gains in Hong Kong and South Korea helped limit the broader regional downturn. The recovery in US futures follows a difficult session on Friday, when technology shares led markets lower, with the Nasdaq 100 suffering its steepest decline since June and semiconductor stocks recording significant losses amid growing concerns over AI-related spending and slowing growth in core businesses.In commodities, Brent crude retreated nearly 3% as reports suggested the US administration may allow more time for diplomatic efforts regarding Iran before deciding on further military action. Gold rebounded after recent weakness, benefiting from increased demand for safe-haven assets, while Bitcoin extended gains as confidence gradually stabilised following Binance's recent security breach and the subsequent restoration of customer withdrawals.Investor attention is also turning to China, where financial regulators are expected to discuss additional measures to support capital markets, including optimising lending programmes linked to stock buybacks. Meanwhile, market volatility has increased following disappointing earnings from several major technology companies, raising questions about the sustainability of the AI-driven rally. With the US midterm elections approaching and Nvidia's earnings later this month, investors remain cautious, although some strategists view the current pullback as a potential opportunity to add exposure ahead of key market catalysts. The US dollar traded mixed against major peers, while Treasury yields were broadly steady as investors awaited further political and economic developments.The EUR/USD pair edged slightly higher during Monday's Asian session, trading above the 1.1150 level, although upside momentum remains limited amid mixed market drivers.From a technical perspective, the pair retains a bearish near-term bias, continuing to trade well below the 50-day SMA at 1.1379. Additional resistance is clustered around the 23.6% Fibonacci retracement at 1.1247 and the 38.2% retracement at 1.1336, creating a significant overhead barrier. Further resistance levels are located at 1.1408 (50% retracement), 1.1480 (61.8% retracement), 1.1582 (78.6% retracement), and the cycle high near 1.1712. On the downside, initial support is seen around 1.1104, a key structural level where buying interest may emerge and potentially slow the current downward trend if tested.



Source: Reuters, Bloomberg

Currencies

	Open	High	Low
EURUSD	1.1160	1.1175	1.1152
GBPUSD	1.3391	1.3393	1.3379

Rates

	Last Price	Previous Day Close
O/N SOFR	3.940	#N/A N/A
1 month SOFR	3.903	3.903

Internal

USDJPY	157.49	157.9800	157.46	**3 month SOFR**	4.051	4.051
USDINR	94.89	94.91	94.70	**6 months SOFR**	4.189	4.189
USDCNY	6.6553	6.6558	6.6484	**12 month SOFR**	4.428	4.428
USDCHF	0.8244	0.8254	0.8233	**3 years IRS**	4.460	4.452
AUDUSD	0.7029	0.7038	0.7017	**5 years IRS**	4.447	4.441
NZDUSD	0.5635	0.5636	0.5609			

The US dollar traded mixed against major currencies, with the euro holding steady at $1.1166, reflecting a cautious tone ahead of key political and economic events. The Japanese yen weakened 0.2% to 157.95 per dollar, extending pressure on the currency amid ongoing divergence in monetary policy expectations, while the offshore Chinese yuan was broadly unchanged at 6.6474 per dollar, supported by expectations of additional policy measures from Chinese authorities aimed at stabilising financial markets and investor sentiment. Overall, currency markets remained relatively subdued as investors awaited further clarity from the US midterm elections and upcoming macroeconomic developments.

Fixed-income markets were relatively steady, with the US 10-year Treasury yield holding near 4.92%, indicating investors remain cautious ahead of key political and economic catalysts. In contrast, sovereign yields in the Asia-Pacific region moved higher, with Japan's 10-year government bond yield rising 2.5 basis points to 2.78%, extending its climb as markets continue to price in a gradual normalisation of Bank of Japan policy. Australia's 10-year bond yield increased 2 basis points to 5.13%, reflecting expectations that inflation and interest rates may remain elevated for longer. Overall, the divergence highlights stable demand for US Treasuries as a defensive asset, while regional bond markets face upward pressure from domestic policy expectations and global rate dynamics.

	Current Levels
CBO Repo Rate	4.5
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	200k	199k
Continuing Claims	16:30		198.5k

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7580	-1.817	10.73
Euro Stoxx 600	647	-0.364	9.21
ShanghaiComposite Index	3641	1.165	-8.26
MSX-30	7293	-0.730	24.30
NIFTY-50	23318	1.151	-10.76
Brent Crude ($/bbl)	109.74	-3.253	82.20
Gold ($/oz.)	3901	0.693	-9.67
DXY	102	0.038	3.66
Silver($/oz.)	50	1.783	-30.26

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