Bank Dhofar Morning Market Update

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Global Update

Asian equities declined sharply as investors reduced exposure to technology stocks ahead of a crucial week for the artificial intelligence sector. The MSCI Asia Pacific Index fell 1.6%, led by steep losses in Taiwan and South Korea, where technology-heavy benchmarks dropped more than 3%. US futures also pointed lower, with Nasdaq 100 futures down 0.5% and S&P 500 futures easing 0.3%.Market sentiment remains fragile following last week's significant selloff in AI-related stocks, particularly Nvidia, which lost more than $500 billion in market capitalization amid ongoing uncertainty surrounding its leadership. Investors are now focused on Nvidia's upcoming earnings and the anticipated listing of Anthropic, both of which are expected to provide further direction for the AI investment theme.Despite recent volatility, several major Wall Street institutions maintain a constructive outlook on equities. Morgan Stanley has increased its allocation to global equities to a "maximum overweight" stance, citing continued AI-related capital expenditure, resilient economic growth, and supportive corporate earnings as key drivers extending into 2027. Goldman Sachs similarly expects strong earnings growth to support Asian equities next year, although it cautions that AI-related uncertainty could continue to generate market volatility.In China, economic data disappointed across multiple sectors, with consumption, industrial production and investment all underperforming expectations. China's property market remained under pressure as residential prices continued to decline despite recent policy support measures. In Japan, the economy contracted for the first time in a year, highlighting underlying weakness in domestic demand.
EUR/USD extended its decline for a fifth consecutive session, falling to the 1.1015 area, its lowest level since May 2025, as broad US dollar strength continued to weigh on the pair. The prevailing bullish sentiment toward the dollar suggests downside risks remain dominant in the near term.From a technical perspective, EUR/USD maintains a bearish bias as the pair continues to trade below the 100-day Simple Moving Average (SMA) and beneath the midpoint of the 20-day Bollinger Bands. The fact that prices are trading below the entire Bollinger envelope highlights persistent selling pressure, with the lower Bollinger Band now acting as immediate resistance rather than support. Meanwhile, the Relative Strength Index (RSI-14) near 33 points to weak but not yet oversold conditions, indicating that bearish momentum remains intact while leaving room for occasional corrective rebounds.On the upside, initial resistance is seen around 1.1030 at the lower Bollinger Band, followed by stronger resistance near 1.1160 at the Bollinger midpoint. A sustained recovery above these levels would be required to ease immediate downside pressure.



Source: Reuters, Bloomberg

Currencies

	Open	High	Low
EURUSD	1.1029	1.1037	1.1012

Rates

	Last Price	Previous Day Close
O/N SOFR	3.900	3.890

Internal

GBPUSD	1.3213	1.3226	1.3203	**1 month SOFR**	3.965	3.965
USDJPY	159.61	159.8900	159.57	**3 month SOFR**	4.171	4.171
USDINR	94.21	94.25	94.08	**6 months SOFR**	4.358	4.358
USDCNY	6.6704	6.6723	6.6696	**12 month SOFR**	4.620	4.620
USDCHF	0.8390	0.8397	0.8381	**3 years IRS**	4.722	4.705
AUDUSD	0.6790	0.6799	0.6758	**5 years IRS**	4.696	4.683
NZDUSD	0.5529	0.5564	0.5518			

The US dollar remained well supported after reaching its strongest level since May 2025 last week, with investors favoring safe-haven assets amid uncertainty surrounding the technology sector and global growth concerns. EUR/USD held steady around 1.1017.USD/JPY remained elevated near 159.62 despite broader risk-off sentiment.Offshore USD/CNH traded around 6.6720. Bitcoin stabilized just below USD 65,000 following a sharp decline over the weekend.

US Treasury yields continued to hover near multi-year highs as investors reassessed the outlook for Federal Reserve policy. The US 10-year Treasury yield rose one basis point to 5.15% after recording a 28-basis-point increase last week, its largest weekly rise since April 2025.Recent economic data indicated that wholesale inflation accelerated in October at the fastest pace since 2022, reinforcing concerns that underlying price pressures remain persistent. In other bond markets, Japan's 10-year government bond yield increased to 2.885%, while Australia's 10-year yield rose to 5.14%, reflecting the broader global repricing of interest-rate expectations.

	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
Empire Manufacturing	17:30	18.0	25.5
ADP Weekly Employment Change	17:15		19.750k

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7562	-0.405	10.46
Euro Stoxx 600	664	0.020	12.15
ShanghaiComposite Index	3620	-0.395	-8.79
MSX-30	7347	-0.101	25.24
NIFTY-50	25334	0.754	-3.05
Brent Crude ($/bbl)	95.30	-0.543	58.26
Gold ($/oz.)	3873	-0.285	-10.32
DXY	103	0.050	5.23
Silver($/oz.)	48	-2.470	-33.66

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