Bank Dhofar Morning Market Update

Date: 24/08/26

Global Update

Global markets began the week on a cautious footing as investors trimmed exposure to technology and AI-related stocks ahead of this week's key events, namely Nvidia's earnings release and Federal Reserve Chair Kevin Warsh's speech at the Jackson Hole symposium, both of which are expected to provide important signals on the sustainability of AI spending and the outlook for US interest rates. Asian equities declined, with the MSCI Asia Pacific Index falling 1%, led by sharp losses in Samsung Electronics after investors were disappointed by its shareholder return plans and Alibaba following its announcement of an HK$80 billion share sale, while SoftBank also retreated after unveiling a record ¥1 trillion retail bond offering. At the same time, concerns are growing over whether the massive investments being committed to artificial intelligence can generate sufficient returns amid rising financing costs and elevated bond yields. Treasuries gained as investors sought safety, helped by a decline in oil prices, with Brent crude falling around 1.3%, easing some inflation concerns. The US 10-year Treasury yield edged lower, though yields remain close to multi-year highs as markets continue to grapple with fiscal concerns and large government borrowing requirements. Attention is also focused on US Treasury Secretary Scott Bessent's forthcoming fiscal consolidation plans and potential new sanctions targeting Iran, with investors questioning whether current policy proposals will be sufficient to address America's long-term debt trajectory. In currency markets, the Canadian dollar weakened after trade negotiations with the US collapsed, triggering new tariffs and retaliatory measures, while the broader dollar remained largely stable. Gold extended its recent rally to trade near a three-month high as investors sought protection against fiscal uncertainty, bond market volatility and the prospect of a weaker US dollar, while Bitcoin eased slightly after its recent strong gains. Overall, markets are entering a pivotal week in which Nvidia's results, Jackson Hole commentary, US inflation data and fiscal policy developments will likely determine whether the AI-driven market rally can continue amid rising concerns over growth, inflation and borrowing costs.

EUR/USD extended its gains for a fourth consecutive session, trading near 1.1680 during Asian hours as the US dollar remained under pressure following the US Treasury Department's surprise decision to increase buybacks of longer-dated government debt in an effort to contain rising bond yields. Treasury Secretary Scott Bessent indicated that the programme could expand beyond $4 billion, reinforcing market expectations that policymakers are uncomfortable with current yield levels. From a technical perspective, EUR/USD remains constructive above both the 200-day SMA at 1.1631 and the 61.8% Fibonacci retracement at 1.1644, suggesting that pullbacks are likely to attract buyers. A sustained move higher could target the 78.6% retracement at 1.1731, followed by the April high near 1.1843. On the downside, immediate support is located at 1.1644 and 1.1631, with additional support levels at 1.1583, 1.1521, and the key structural base near 1.1445, while the broader recovery from the 1.1323 cycle low remains intact.

Source: Reuters, Bloomberg

Currencies	Open	High	Low
EURUSD	1.1677	1.1687	1.1671
GBPUSD	1.3633	1.3656	1.3621
USDJPY	158.87	159.0200	158.56
USDINR	95.65	95.68	95.64

Rates	Last Price	Previous Day Close
O/N SOFR	3.630	3.630
1 month SOFR	3.667	3.667
3 month SOFR	3.743	3.743
6 months SOFR	3.843	3.843

USDCNY	6.7221	6.7245	6.7218
USDCHF	0.7999	0.8019	0.7985
AUDUSD	0.7168	0.7177	0.7159
NZDUSD	0.5974	0.5983	0.5968

The major currencies were largely steady against the US dollar, with the euro holding near $1.1678, the British pound trading around $1.3647, the Japanese yen at ¥158.97 per dollar, and the offshore yuan at 6.7238 per dollar, while the Australian dollar was little changed near $0.7170.

12 month SOFR	3.986	3.986
3 years IRS	4.096	4.109
5 years IRS	4.133	4.151

Government bond markets were mixed, with the yield on the US 10-year Treasury declining two basis points to 4.71% as investors sought safety ahead of key events this week, while Japan's 10-year government bond yield rose two basis points to 2.89%. Australia's 10-year bond yield, meanwhile, fell three basis points to 5.03%, reflecting stronger demand for fixed-income assets across the region.

	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

Calendar

Key Data Watch	Time (GST)	Expected	Prior
ADP Weekly Employment Change	16:15		9.5k
Philadelphia Fed Non-Manufacturing Activity	16:30		7.4

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7674	0.435	12.11
Euro Stoxx 600	654	0.589	10.47
ShanghaiComposite Index	3877	-0.714	-2.31
MSX-30	7509	-0.179	28.00
NIFTY-50	24280	0.116	-7.08
Brent Crude ($/bbl)	93.06	-1.409	52.93
Gold ($/oz.)	4637	0.747	7.36
DXY	99	0.048	0.53
Silver($/oz.)	69	-0.115	-3.83

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