

Bank Dhofar Morning Market Update



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Global Update

US equity futures rebounded after last week's AI-driven selloff, with S&P 500 futures rising 0.8% and Nasdaq 100 futures gaining 1.3%, as investors looked ahead to key earnings from major technology companies including Tesla and Meta. Asian equities were mixed, with the MSCI Asia Pacific Index down 0.3%, while Chinese stocks found support after stronger-than-expected third-quarter growth data reinforced confidence in Beijing meeting its annual economic target. Oil retreated from recent highs, with Brent crude falling 1.8% to around USD 107.90/bbl as markets balanced Middle East geopolitical risks against evidence of resilient regional supply. European futures weakened amid protests in France, weighing on the euro and regional sentiment. Investor focus remains firmly on the AI sector, where concerns over whether substantial infrastructure spending will generate adequate returns have triggered increased volatility across technology stocks. The recent correction saw the Nasdaq 100 decline 5.5% last week, while semiconductor shares recorded their longest losing streak since 2008. Meanwhile, falling US Treasury yields suggest a partial return of safe-haven demand, with the 10-year Treasury yield holding near 5.06% after declining approximately 17bps last week. Gold edged higher to USD 4,180/oz as markets reduced expectations of an imminent Federal Reserve rate hike. Overall, markets remain sensitive to inflation pressures, bond market volatility, and the upcoming earnings reports that could determine the next direction for risk assets.

EUR/USD remains under pressure near 1.1215, with the pair maintaining a bearish near-term bias as price continues to trade below both the 100-day SMA and the Bollinger Band midline. Although the RSI at 37.5 suggests that downside momentum is easing, it remains below neutral territory, indicating that sellers still retain control. On the upside, immediate resistance is seen around 1.1270, corresponding to the Bollinger mid-band. A sustained break above this level could open the door towards stronger resistance at 1.1440, followed by the 100-day SMA at 1.1465, where significant selling interest is likely to emerge. On the downside, key support is located at 1.1100, near the lower Bollinger Band. A decisive break below this level would reinforce the bearish outlook and could trigger a deeper decline towards lower psychological support levels. Fundamentally, the Euro remains weighed down by concerns surrounding France's fiscal position, while the US Dollar continues to find support from elevated Treasury yields. As a result, rallies in EUR/USD may continue to attract sellers unless the pair can establish a sustained move above the 1.1270 resistance area.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1234	1.1235	1.1183	O/N SOFR	3.890	#N/A N/A
GBPUSD	1.3328	1.3339	1.3308	1 month SOFR	3.951	3.951
USDJPY	158.10	158.1300	157.70	3 month SOFR	4.084	4.084

Internal

USDINR	94.87	94.91	94.76	6 months SOFR	4.240	4.240
USDCNY	6.6850	6.6853	6.6818	12 month SOFR	4.496	4.496
USDCHF	0.8247	0.8260	0.8235	3 years IRS	4.602	4.591
AUDUSD	0.6953	0.6979	0.6951	5 years IRS	4.596	4.591
NZDUSD	0.5656	0.5669	0.5647			

The euro was little changed at 1.1229 against the US dollar, while the Japanese yen held steady at 158.06 per dollar and the offshore yuan traded largely unchanged at 6.6811 per dollar. The British pound was stable around 1.3360 against the dollar, supported by expectations of a gradual Bank of England easing cycle, while the Australian dollar hovered near 0.6680, finding support from resilient commodity prices and improved risk sentiment. Overall, major currencies traded in narrow ranges as investors awaited fresh economic data and central bank signals for further direction.

The bond market saw modest gains, with the US 10-year Treasury yield declining 1 basis point to 5.06%, reflecting continued demand for safe-haven assets amid uncertainty surrounding global growth and the outlook for AI-related investments. In Asia, Japan's 10-year government bond yield fell 3.5 basis points to 2.895%, while Australia's 10-year government bond yield was little changed at 5.22%, as investors assessed central bank policy expectations and inflation dynamics. Overall, sovereign bond markets remained relatively stable as traders balanced economic resilience against persistent inflation risks and evolving monetary policy expectations.

				Global Markets			
			Current Levels		Level	1-Day Change (%)	YTD (%)
CBO Repo Rate			4.5				
O/N OMIBOR			4	S&P 500	7659	-1.093	11.89
*Bank Deposit Rates for 1 years			4.45	Euro Stoxx 600	645	0.715	8.87
				ShanghaiComposite Index	3722	0.159	-6.21
Bank Deposit Rates for 5 years			4.45	MSX-30	7656	-0.285	30.50
*Amount>500k OMR				NIFTY-50	23133	-0.059	-11.47
Calendar				Brent Crude (\$/bbl)	107.85	-1.821	79.11
Key Data Watch	Time (GST)	Expected	Prior	Gold (\$/oz.)	4182	0.405	-3.17
NAHB Housing Market Index	18:00	31	32	DXY	102	-0.001	3.57
				Silver(\$/oz.)	58	1.330	-19.42

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