Bank Dhofar Morning Market Update

Date: 05/11/26

Global Update

Asian equities were mixed as investors rotated out of semiconductor and AI-related stocks following the U.S. midterm election results. Concerns that a Democratic-controlled Congress could introduce tighter oversight on AI infrastructure and data centers weighed heavily on chipmakers, with Samsung Electronics and SK Hynix falling over 5%, dragging South Korea's Kospi Index down 3.9%. In contrast, Chinese technology stocks outperformed, with Tencent and Alibaba leading gains as investors shifted into previously underowned sectors. Hong Kong's Hang Seng Index advanced 3.1%, while Australia, Indonesia, and Malaysia benefited from lower energy prices, posting gains of 2.3%, 2.0%, and 1.2% respectively. Despite regulatory concerns, several market strategists believe the long-term artificial intelligence investment theme remains intact as demand for computing infrastructure continues to grow. Oil prices continued to retreat, with Brent crude falling 1% to USD 93.65 per barrel and WTI declining 1.5% to USD 86.82 per barrel after sharp losses in the previous session. Lower energy prices supported sentiment across oil-importing Asian economies and helped reinforce expectations for easing inflation. Gold rose 2.1% to USD 4,144 per ounce as investors sought defensive assets amid ongoing political and geopolitical uncertainties.

The USD/JPY pair struggles to capitalize on the previous day's goodish rebound from the 157.40 area, or the weekly low, attracting some sellers for the second straight day on Thursday. Bearish traders now await a sustained break below the 158.00 mark before positioning for further losses amid a combination of negative factors.The USD/JPY pair maintains a mildly bearish near-term bias following the recent repeated failures to build on gains beyond the 200-day Simple Moving Average (SMA) at 158.65. This suggests that upside momentum remains capped for now, keeping rallies vulnerable while price action consolidates below that barrier.A daily close above this would be needed to ease the current downside bias and open the door to a more sustained recovery. On the downside, the overnight swing low, around the $157.40 area, could act as an immediate support ahead of the 157.00 mark and the lower boundary of the trading range, near the 156.65 region. A break below the latter will be seen as a fresh trigger for bears and set the stage for some meaningful depreciating move.



Source: Reuters, Bloomberg

Currencies

	Open	High	Low
EURUSD	1.1228	1.1268	1.1227
GBPUSD	1.3471	1.3497	1.3468

Rates

	Last Price	Previous Day Close
O/N SOFR	3.970	#N/A N/A
1 month SOFR	3.904	3.904

Internal

USDJPY	158.44	158.4400	157.79	**3 month SOFR**	4.048	4.048
USDINR	94.36	94.55	94.33	**6 months SOFR**	4.173	4.173
USDCNY	6.6717	6.6719	6.6683	**12 month SOFR**	4.382	4.382
USDCHF	0.8172	0.8172	0.8135	**3 years IRS**	4.398	4.433
AUDUSD	0.7005	0.7022	0.7002	**5 years IRS**	4.368	4.413
NZDUSD	0.5621	0.5658	0.5618			

The U.S. dollar weakened against all major G10 currencies for a second consecutive session as Treasury yields declined and investors increased expectations that lower oil prices could help moderate inflation pressures. The Bloomberg Dollar Spot Index fell 0.2%, while the euro rose 0.3% to 1.1265 and the Japanese yen strengthened 0.4% to 157.85 per dollar. Market participants interpreted the election outcome as potentially leading to a more moderate fiscal agenda and reduced inflationary risks, encouraging selling of the dollar ahead of upcoming U.S. nonfarm payrolls data.

U.S. Treasury markets extended gains, with yields falling across the curve as investors reassessed inflation and fiscal outlooks following the election results. Benchmark 10-year Treasury yields declined 5 basis points to 4.84%, their lowest level since September. Expectations that lower oil prices and a potentially more constrained fiscal spending environment could reduce inflationary pressures supported demand for government bonds. Similar moves were seen globally, with Australian 10-year yields falling 8 basis points to 5.00% and Japanese 10-year government bond yields declining 6 basis points to 2.76%, reflecting a broader move toward fixed-income assets.

	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
Challenger Job Cuts YoY	14:30		19.9%
Challenger Job Cuts Total	14:30		43281

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7689	1.582	12.32
Euro Stoxx 600	657	1.818	11.01
ShanghaiComposite Index	3690	0.098	-7.03
MSX-30	7261	0.536	23.77
NIFTY-50	24417	1.904	-6.55
Brent Crude ($/bbl)	93.75	-0.909	55.67
Gold ($/oz.)	4143	2.029	-4.08
DXY	101	-0.332	2.96
Silver($/oz.)	53	1.741	-25.86

For any Treasury related requirement, please contact:
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