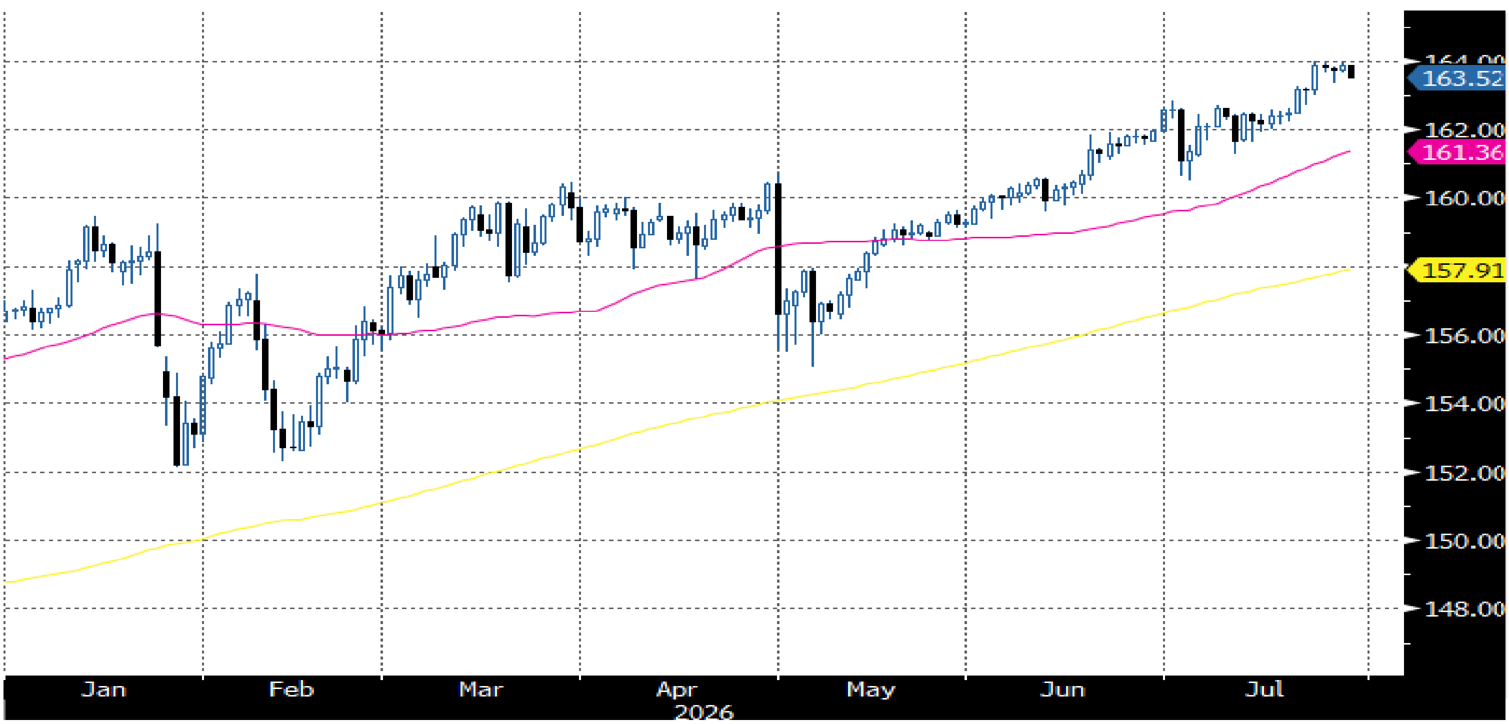
Bank Dhofar Morning Market Update

Date: 29/07/26

Global Update

Asian equities extended their decline as investors continued to rotate out of technology and semiconductor stocks amid growing concerns that the enormous sums being invested in artificial intelligence may not generate commensurate returns. South Korea's market led the losses, with major chipmakers SK Hynix and Samsung Electronics falling sharply despite strong earnings growth at the former, while the broader Asia-Pacific equity benchmark declined 1.6%. Risk sentiment was further undermined by renewed geopolitical tensions in the Middle East. Oil prices surged more than 4%, with Brent crude rising above USD 88 per barrel after the United States reported intercepting an Iranian attack and retaliating against Iran. The escalation has renewed concerns over potential disruptions to oil flows through the Strait of Hormuz and the resulting inflationary impact. The technology sector remains under pressure as investors question whether AI-related spending by large technology companies is becoming excessive. Concerns surrounding crowded positioning, rising debt levels and complex funding arrangements have weighed heavily on semiconductor stocks globally, pushing Wall Street's chip index lower and bringing the Nasdaq 100 close to a technical correction.Market attention is now firmly on upcoming earnings from Microsoft, Meta, Apple and Amazon, along with central bank decisions from the Federal Reserve, Bank of Japan and Bank of England. Investors will be looking for evidence that AI investments are translating into sustainable earnings growth while assessing the impact of higher oil prices on inflation and monetary policy.
The Bank of Japan (BoJ) is widely expected to keep its policy rate unchanged at 1.00% at Friday’s meeting after June’s 25bp hike, but policymakers are likely to maintain a hawkish tone as inflation risks remain elevated amid persistent yen weakness, higher energy prices and strong AI-related investment demand.
Market participants continue to debate the timing of the next rate increase, with expectations centred on a potential move in September or October should inflation remain sticky and the yen continue to depreciate. While several BoJ officials have signalled that interest rates should gradually move closer to neutral levels, political pressure to support economic growth may temper the pace of future tightening.In the FX market, USD/JPY recently surged to a fresh 40-year high of 163.97 before easing slightly. The broader trend remains bullish, supported by the wide interest-rate differential between the United States and Japan. From a technical perspective, the next key upside target is around 164.50. However, any hawkish surprise from the BoJ or renewed concerns about potential intervention by Japanese authorities could trigger a corrective move towards the 162.00 area.



Source: Reuters, Bloomberg

Currencies

	Open	High	Low
EURUSD	1.1387	1.1403	1.1382
GBPUSD	1.3289	1.3300	1.3281
USDJPY	163.85	163.8800	163.48
USDINR	95.72	95.80	95.70
USDCNY	6.7706	6.7734	6.7702
USDCHF	0.8192	0.8198	0.8174

Rates

	Last Price	Previous Day Close
O/N SOFR	3.640	3.640
1 month SOFR	3.740	3.740
3 month SOFR	3.833	3.833
6 months SOFR	3.971	3.971
12 month SOFR	4.147	4.147
3 years IRS	4.109	4.102

AUDUSD	0.6975	0.6983	0.6938
NZDUSD	0.5784	0.5789	0.5775

The euro rose 0.1% to $1.1400.The Japanese yen rose 0.1% to 163.65 per dollar.The offshore yuan was little changed at 6.7725 per dollar

5 years IRS	4.090	4.083

The yield on 10-year Treasuries was little changed at 4.61%.Japan's 10-year yield declined 1.5 basis points to 2.760%.Australia's 10-year yield declined seven basis points to 4.89%.

	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
MBA Mortgage Applications	15:00		1.9%
FOMC Rate Decision (Upper Bound)	22:00	3.75%	3.75%

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7429	0.210	8.52
Euro Stoxx 600	647	0.352	9.24
ShanghaiComposite Index	3793	-0.528	-4.43
MSX-30	7247	0.860	23.53
NIFTY-50	24212	0.946	-7.34
Brent Crude ($/bbl)	87.59	4.174	45.59
Gold ($/oz.)	4025	-0.113	-6.81
DXY	101	-0.134	3.01
Silver($/oz.)	57	0.416	-19.91

For any Treasury related requirement, please contact:
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