Bank Dhofar Morning Market Update

Date: 28/07/26

Global Update

Global markets came under pressure as investors questioned whether the massive spending on artificial intelligence will generate sufficient returns, triggering a sharp selloff in semiconductor stocks across the US and Asia. Asian equities recorded steep losses, led by South Korea's Kospi (-10%), with major chipmakers such as SK Hynix and Samsung falling more than 11%, while Japanese and Taiwanese technology shares also declined significantly. Nasdaq futures point to continued weakness in the technology sector.The market's concern centres on escalating AI-related capital expenditure, particularly after Alphabet increased its 2026 spending forecast to as much as USD 205 billion and Nvidia announced additional AI-related deals reportedly worth over USD 750 billion. Investors are increasingly scrutinising whether hyperscalers and semiconductor companies can justify these large investments amid rising debt levels and concerns about artificially boosted demand.

Adding to the pressure, reports that a Chinese state-backed company has begun mass-producing immersion DUV lithography machines raised fears about intensifying competition in the semiconductor industry, weighing heavily on Japanese chip-equipment manufacturers such as Nikon and Tokyo Electron.Meanwhile, safe-haven assets benefited from the risk-off sentiment. US Treasury yields edged lower as inflation concerns eased, while Brent crude extended its decline to around USD 87 per barrel following signs of easing geopolitical tensions involving Iran.Markets are now focused on a crucial week of catalysts, including policy decisions from the Federal Reserve, Bank of Japan and Bank of England, along with earnings results from Microsoft, Meta, Apple, Amazon, Samsung and SK Hynix. These events will be closely watched for evidence that AI investments are translating into sustainable revenue growth and profitability.

Gold remains under pressure, trading near USD 4,050/oz and extending its decline for a second consecutive session as investors adopt a cautious stance ahead of the US Federal Reserve's policy decision on Wednesday. A stronger US Dollar, supported by growing expectations of a potential Fed rate hike, has reduced the appeal of non-yielding assets such as gold, keeping bullion on the defensive. Recent market pricing indicates a roughly 38% probability of a July rate hike, while expectations for further tightening later in the year remain elevated. From a technical perspective, the near-term outlook remains bearish. Gold is trading below its 21-day SMA at USD 4,070, while momentum indicators continue to favour sellers. The recent Bear Cross—where the 100-day SMA moved below the 200-day SMA—reinforces the negative medium-term trend. Immediate resistance is seen at USD 4,070, followed by USD 4,213 and USD 4,458. A sustained break below the USD 4,050 region could expose gold to a deeper correction toward previous support levels, while any recovery is likely to face selling interest unless the Fed delivers a dovish surprise.

Source: Reuters, Bloomberg

Currencies

	Open	High	Low
EURUSD	1.1369	1.1380	1.1367
GBPUSD	1.3289	1.3305	1.3286
USDJPY	163.75	163.8400	163.64
USDINR	95.76	95.77	95.63
USDCNY	6.7644	6.7689	6.7644
USDCHF	0.8189	0.8197	0.8184

Rates

	Last Price	Previous Day Close
O/N SOFR	3.640	3.640
1 month SOFR	3.743	3.743
3 month SOFR	3.838	3.838
6 months SOFR	3.980	3.980
12 month SOFR	4.166	4.166
3 years IRS	4.121	4.140

AUDUSD	0.6992	0.7000	0.6970
NZDUSD	0.5774	0.5779	0.5766

AUD/USD holds under 0.70 while USD/JPY consolidates below 164. EUR/USD edges up toward 1.14 as GBP/USD drifts up to hover near 1.33.

5 years IRS	4.102	4.118

US 2-year yields are down 2bps to 4.30% while 10-year yields also fall 2bps to 4.63%.Japan's 10-year yield declined one basis point to 2.770%.Australia's 10-year yield declined one basis point to 4.98%.

	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		16.500k
Advance Goods Trade Balance	16:30	-$100.0b	-$105.8b

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7413	0.016	8.29
Euro Stoxx 600	645	0.017	8.85
ShanghaiComposite Index	3821	-0.978	-3.74
MSX-30	7185	0.284	22.48
NIFTY-50	24024	0.116	-8.06
Brent Crude ($/bbl)	87.41	-1.030	43.71
Gold ($/oz.)	4046	-0.733	-6.32
DXY	102	-0.030	3.24
Silver($/oz.)	57	-1.907	-20.11

For any Treasury related requirement, please contact:
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