

Bank Dhofar Morning Market Update



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Global Update

S&P 500 and Nasdaq 100 futures rose about 0.2% in Asian trading after both indexes fell more than 1% on Friday, largely due to tech stock weakness. South Korea: Down 1.6%, reflecting cooling enthusiasm around AI-related stocks. China: Slight declines after data showed retail sales growth at its weakest since Covid and further drops in investment. Gold had a fifth consecutive day of gains: This suggests strong momentum, likely driven by uncertainty around Fed policy. Global risk appetite has been ebbing amid skepticism that tech stocks, which have propelled global benchmarks to record highs, can continue to warrant their lofty valuations and aggressive AI spending. Much of that investment reflects a long-term bet on technologies that may take years to generate meaningful commercial returns, adding to near-term uncertainty. From a recent selloff in the shares of Nvidia Corp., to Oracle Corp.'s plunge after reporting mounting spending on AI, to souring sentiment around a network of companies exposed to OpenAI, signs of skepticism are increasing. Looking to 2026, the debate among investors is whether to rein in AI exposure ahead of a potential bubble popping, or to double down to capitalize on the game-changing technology. Treasuries were steady Monday as a debate raged in markets and among Fed officials on how much to ease policy next year.

Cleveland Fed President Beth Hammack said she would prefer interest rates to be slightly more restrictive to keep putting pressure on inflation. Chicago Fed President Austan Goolsbee said he is projecting more interest-rate cuts for 2026 than many of his colleagues.

The EUR/USD pair kicks off the new week on a softer note, though it remains within striking distance of the highest level since early October, touched last Thursday. Spot prices currently trade around the 1.1730 region, down less than 0.10% for the day. From a technical perspective, the near-term outlook for EUR/USD is bullish. It stands 23 pips above the day's opening price, and the 20-period Simple Moving Average (SMA) climbs above the 100- and 200-period SMAs, with all three rising, supporting the bullish case. Price holds above these averages, and the 20-period SMA at 1.1656 offers nearby dynamic support. Meanwhile, the Momentum indicator holds above its midline and extends higher, signaling strengthening buying pressure. The Relative Strength Index (RSI) at 69 is approaching overbought readings, and further upside could slow as conditions stretch. Initial support is clustered at the rising 20- and 100-period SMAs between 1.1656–1.1603, keeping the intraday bias positive while above this band.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1735	1.1745	1.1729	O/N SOFR	3.660	0.000
GBPUSD	1.3364	1.3382	1.3355	1 month SOFR	3.734	3.734
USDJPY	155.81	155.9900	155.21	3 month SOFR	3.706	3.706
USDINR	90.55	90.66	90.51	6 months SOFR	3.640	3.640
USDCNY	7.0559	7.0560	7.0501	12 month SOFR	3.486	3.486

USDCHF	0.7959	0.7968	0.7936
AUDUSD	0.6654	0.6657	0.6638
NZDUSD	0.5812	0.5814	0.5766
NZD/USD falls as much as 0.6% following Breman's comments to drop back below 0.58. EUR/USD consolidates near mid 1.17 as USD/JPY declines below mid 155-156 amid poor liquidity. GBP/USD trades in narrow range to remain under 1.34. The Bloomberg Dollar Spot Index little changed			

Current Levels	
CBO Repo Rate	4.5
O/N OMIBOR	4
*Bank Deposit Rates for 1 years	4.00
Bank Deposit Rates for 5 years	4.00
*Amount>500k OMR	

Calendar			
Key Data Watch	Time (GST)	Expected	Prior
Empire Manufacturing	17:30	10	18.7
NAHB Housing Market Index	19:00	39	38

3 years IRS	3.352	3.360
5 years IRS	3.451	3.462
US 2-year yields are down 1bp to 3.51% while 10-year yields are steady at 4.18%. In Friday's US trading session 2-year yields ended down 2bps while 10-year gained 3bpsThe yield on 10-year Treasuries was little changed at 4.18%.Japan's 10-year yield was unchanged at 1.945%.Australia's 10-year yield advanced two basis points to 4.74%.		

Global Markets			
	Level	1-Day Change (%)	YTD (%)
S&P 500	6827	-1.066	16.08
Euro Stoxx 600	578	-0.533	13.91
ShanghaiComposite Index	3885	-0.113	15.91
MSX-30	5956	0.106	30.13
NIFTY-50	25942	-0.401	9.72
Brent Crude (\$/bbl)	61.44	0.540	-13.80
Gold (\$/oz.)	4324	0.566	64.75
		-0.019	
DX	98		-9.32
Silver(\$/oz.)	62	0.902	116.32

For any Treasury related requirement, please contact:
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