Bank Dhofar Morning Market Update

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Global Update

Global markets came under pressure as growing expectations of a Democratic sweep in the US Congress fueled concerns over tighter regulations, particularly for the technology and artificial intelligence sectors. US equity futures declined sharply, with S&P 500 futures falling 1.3% and Nasdaq 100 futures dropping 2.3%, while Asian equities also weakened, led by losses in South Korea and Japan. Investors worry that increased regulatory scrutiny and reduced fiscal stimulus could dampen corporate earnings growth and slow AI-related investment. Despite the election-driven volatility, major US equity indices remain higher for the year, suggesting that current market moves represent a correction rather than a reversal of the broader trend. Oil prices edged lower, with WTI crude falling 0.6% to $95.55 per barrel amid concerns that slower economic growth and reduced fiscal stimulus could weigh on demand. Gold gained 0.2% to $3,939.24 per ounce, supported by lower Treasury yields and increased demand for safe-haven assets. In cryptocurrency markets, Bitcoin declined 2% to $76,253, while Ether lost 2.2%, reflecting broader risk-off sentiment across financial markets.

Gold prices (XAU/USD) eased toward the $3,930 level in early Asian trading, pressured by a firmer US dollar and higher Treasury yields as investors await the outcome of the US midterm elections for clues on future fiscal policy. The stronger dollar and rising yields continue to reduce the appeal of non-yielding assets such as gold, keeping sentiment cautious in the near term.From a technical perspective, gold remains under pressure after breaking below key trend indicators. Prices are trading beneath both the 100-day Simple Moving Average (SMA) at $4,205 and the Bollinger Band midline near $4,080, reinforcing a bearish short-term outlook. The RSI at 36.09 remains close to oversold territory, suggesting downside momentum persists, although the potential for short-term corrective rebounds cannot be ruled out.On the upside, immediate resistance is seen at $4,080, followed by stronger resistance at the 100-day SMA around $4,205 and the upper Bollinger Band near $4,255. On the downside, initial support is located at $3,900, which coincides with the lower Bollinger Band. A sustained break below this level could accelerate losses and expose further downside, while holding above support may allow gold to consolidate before attempting a recovery. Overall, the near-term bias remains bearish below $4,080, with market direction likely to be influenced by US election results, Treasury yields, and dollar movements.



Source: Reuters, Bloomberg

Currencies

	Open	High	Low
EURUSD	1.1193	1.1263	1.1187
GBPUSD	1.3415	1.3477	1.3409

Rates

	Last Price	Previous Day Close
O/N SOFR	3.950	#N/A N/A
1 month SOFR	3.903	3.903

Internal

USDJPY	158.69	158.7400	157.46	**3 month SOFR**	4.041	4.041
USDINR	94.56	94.70	94.50	**6 months SOFR**	4.164	4.164
USDCNY	6.6721	6.6861	6.6721	**12 month SOFR**	4.376	4.376
USDCHF	0.8208	0.8211	0.8128	**3 years IRS**	4.409	4.491
AUDUSD	0.6967	0.6981	0.6954	**5 years IRS**	4.397	4.478
NZDUSD	0.5587	0.5613	0.5582			

The US dollar weakened against most major currencies as investors reassessed the implications of a Democratic-controlled Congress. The Swiss franc emerged as the strongest performer, gaining 0.7% against the dollar, followed by the Japanese yen (+0.6%) and the euro (+0.4%), which rose to $1.1237. Market participants believe a Democratic victory could restrict AI-related infrastructure spending and reduce US growth expectations, thereby limiting support for the dollar. Safe-haven demand also boosted the yen and Swiss franc amid broader market uncertainty.

US Treasury bonds rallied as investors increased expectations of political gridlock, which could reduce the likelihood of further deficit-financed tax cuts and government spending. The benchmark 10-year Treasury yield fell 6 basis points to 4.90%, while the 5-year yield led gains with a decline of up to 9 basis points to 4.68%. Bond markets viewed a divided or Democrat-led Congress positively, as it may help contain future borrowing requirements and limit growth in the US fiscal deficit. Lower Treasury yields provided support to fixed-income assets globally, with Australian government bond yields also declining.

	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
MBA Mortgage Applications	16:00		3.4%
ADP Employment Change	17:45	67k	90k

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	7569	0.365	10.57
Euro Stoxx 600	646	-0.582	9.03
ShanghaiComposite Index	3604	-0.103	-9.18
MSX-30	7222	-0.546	23.11
NIFTY-50	23932	0.509	-8.41
Brent Crude ($/bbl)	102.98	-0.579	71.01
Gold ($/oz.)	3939	0.231	-8.81
DXY	101	-0.500	3.09
Silver($/oz.)	49	-1.123	-31.29

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