

Bank Dhofar Morning Market Update



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Global Update

Asian shares climbed and US futures advanced as markets turned risk-on after President Donald Trump delayed tariffs on Mexico and Canada for a month and said he'd hold further talks with China. Stocks across Asia-Pacific rebounded after the S&P 500 trimmed most of its slide on Monday. The optimism was reflected in gains in Chinese stocks listed in Hong Kong, which jumped almost 4%. Currency markets though were more concerned that US-China talks will fail to avert tariffs being levied with traders bidding up the dollar against its Group-of-10 peers. The tariff delays helped reverse Monday's risk-off market sentiment with investors turning their focus on how a planned call between the US and China pans out. The deferment with Mexico and Canada bolsters the view that Trump sees tariffs as a negotiating ploy — but is still reluctant to inflict economic pain on Americans. Among the biggest uncertainties is how a resilient US economy would handle the impact of a trade war, in case it materializes. That concern was evident in the bond market, where two-year Treasury yields climbed as longer ones moved in the opposite direction. In other markets Tuesday, the dollar strengthened against every Group-of-10 peer. West Texas Intermediate oil fell 1.1% to \$72.39 a barrel early in Tuesday's session after its biggest advance in more than two weeks. Spot gold rose 0.2% to \$2,820.93 an ounce.

Copper was 0.7% higher at \$9,159 a ton on the London Metal Exchange at 11:37 a.m. in Singapore, after swinging in more-than-\$200 range on Monday. Base metals have endured a bumpy start to the new year, buffeted by the trade-war rhetoric, as well as concerns about the state of demand in China. At present, Trump has also threatened levies against Asia's largest economy — with a deadline for implementation due later Tuesday — although his administration plans to speak with Beijing, raising the possibility of a potential reprieve.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		08-00 GST	Previous Day Close
EURUSD	1.0344	1.0350	1.0309	O/N SOFR	4.360	4.360
GBPUSD	1.2450	1.2454	1.2409	1 month SOFR	4.313	4.313
USDJPY	154.73	155.4100	154.72	3 month SOFR	4.303	4.302
USDINR	87.03	87.06	87.01	6 months SOFR	4.251	4.248
USDCNY	7.2560	7.2675	7.2444	12 month SOFR	4.168	4.160
USDCHF	0.9104	0.9126	0.9100	3 years IRS	4.070	4.071

AUDUSD	0.6227	0.6233	0.6197	5 years IRS	4.066	4.066
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The euro fell 0.3% to \$1.0317. The Japanese yen fell 0.3% to 155.20 per dollar. The offshore yuan was little changed at 7.3075 per dollar. President Donald Trump's full-throttled tariff threats sent the US currency surging and even after the ensuing flip-flops FX markets will have an asymmetric skew toward greenback strength over the coming months as a result. The swift surge in the dollar that followed the President's decision to slap levies on Canada, Mexico and China took the Bloomberg Dollar Spot Index back above the high touched Jan. 13. That took it to the strongest level in more than two years.

The yield on 10-year Treasuries advanced one basis point to 4.57%. Japan's 10-year yield advanced two basis points to 1.265%. Australia's 10-year yield advanced five basis points to 4.43%. Australia's S&P/ASX 200 rose 0.3%. Hong Kong's Hang Seng rose 2.4%. Euro Stoxx 50 futures rose 0.2%. The S&P 500 fell 0.8%. While carmakers, chip and industrial shares all bounced from session lows, they remained among the biggest losers. Defensive groups gained, underscoring the market's bid for safety. The Nasdaq 100 slid 0.8%. The Dow Jones Industrial Average lost 0.3%. A gauge of the "Magnificent Seven" megacaps sank 1.7%.

Current Levels	
CBO Repo Rate	5
O/N OMIBOR	4.25
*Bank Deposit Rates for 1 years	4.20
Bank Deposit Rates for 5 years	4.50

*Amount>500k OMR

Calendar			
Key Data Watch	Time (GST)	Expected	Prior
JOLTS Jobs Openings Rate	19:00	4.6%	4.6%
JOLTS Layoff Rate	19:00	-	1.0%

Global Markets			
	Level	1-Day Change (%)	YTD (%)
S&P 500	5995	-0.761	1.92
Euro Stoxx 600	535	-0.867	5.36
ShanghaiComposite Index	3251	-0.062	-3.02
MSX-30	4553	-0.054	-0.51
NIFTY-50	23565	0.871	-0.34
Brent Crude (\$/bbl)	75.50	-0.606	1.70
Gold (\$/oz.)	2821	0.218	7.50
		-0.233	
DXY	109		0.23
Silver(\$/oz.)	31	-0.304	9.00

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