

Bank Dhofar Morning Market Update



Date: 20/01/25

Global Update

Asian shares climbed after a conversation between Donald Trump and Xi Jinping raised hopes for easing US-China tensions. Equities advanced in regional markets from Australia to Japan and China. A gauge of major Chinese firms listed in Hong Kong rose as much as 2.4%, after Trump described the pre-inauguration talk between the two leaders as “very good.” US futures were marginally lower in Asia with Wall Street closed on Monday for a holiday. Whether the momentum can continue hinges on how quickly Trump will implement his policies ranging from lower taxes to higher tariffs and tighter immigration control, the inflationary impact of which may keep the dollar strong and Treasury yields elevated. His stance on issues including the tech rivalry with China and climate change also will likely affect investment decisions on sectors from semiconductors to electric vehicles, and shipbuilding. The Bloomberg gauge of the greenback has risen over 5% in the 10 weeks since the US presidential vote, only to snap its six-week rally on Friday. The advances have been similar to the gains it posted after Trump’s 2016 victory. Underpinning the move is a corresponding weakness in global currencies considered at risk from Trump’s economic policies, including the euro and Canadian dollar. In commodities, oil was steady ahead of the inauguration of President-elect Donald Trump. West Texas Intermediate crude rose 0.2% to \$78 a barrel. Spot gold fell 0.2% to \$2,697.97 an ounce.

Brent traded below \$81 a barrel after falling over the past two sessions. Trump is poised to invoke emergency powers in the hours after he’s sworn in as part of his plan to unleash domestic energy production. Crude has rallied at the start of the year, after frigid weather in the Northern Hemisphere drove higher heating demand and broader US sanctions on Russia’s oil industry left customers in Asia seeking alternative supplies. Trading volumes for Monday’s session may be lower due to a federal holiday in the US.



Source: Reuters, Bloomberg

| Currencies | | | | Rates | | |
|------------|--------|----------|--------|---------------|-----------|--------------------|
| | Open | High | Low | | 08-00 GST | Previous Day Close |
| EURUSD | 1.0289 | 1.0307 | 1.0266 | O/N SOFR | 4.290 | 4.280 |
| GBPUSD | 1.2174 | 1.2206 | 1.2161 | 1 month SOFR | 4.300 | 4.299 |
| USDJPY | 156.27 | 156.5800 | 155.71 | 3 month SOFR | 4.290 | 4.293 |
| USDINR | 86.47 | 86.50 | 86.45 | 6 months SOFR | 4.254 | 4.262 |
| USDCNY | 7.3228 | 7.3239 | 7.3106 | 12 month SOFR | 4.194 | 4.208 |
| USDCHF | 0.9136 | 0.9152 | 0.9127 | 3 years IRS | 4.087 | 4.087 |

| | | | | | | |
|---------------|--------|--------|--------|--------------------|-------|-------|
| AUDUSD | 0.6207 | 0.6218 | 0.6190 | 5 years IRS | 4.097 | 4.097 |
|---------------|--------|--------|--------|--------------------|-------|-------|

China's yuan has also lost more than 3% versus the dollar since Nov. 5, due to tariff risks and a widening gap between US and Chinese government bond yields. The People's Bank of China has deployed various tools to support the currency, and depreciation expectations have been trimmed since peaking in early December. The Bloomberg Dollar Spot Index fell 0.2%. The euro rose 0.2% to \$1.0292. The Japanese yen rose 0.2% to 155.95 per dollar. The offshore yuan rose 0.2% to 7.3254 per dollar.

The yield on 10-year Treasuries was little changed at 4.63. Australia's 10-year yield was little changed at 4.49%. Later in the week, the focus will shift toward the Bank of Japan's scheduled policy decision on Friday, with about three quarters of economists in a Bloomberg survey expecting it to hike its key rate. S&P 500 futures fell 0.1% as of 12:02 p.m. Tokyo time. Australia's S&P/ASX 200 rose 0.3%. Hong Kong's Hang Seng rose 1.8%. The Shanghai Composite rose 0.4%. Euro Stoxx 50 futures were little changed.

| | | | | Global Markets | | | |
|--|--|--|-----------------------|---------------------------------|--------------|-------------------------|----------------|
| | | | Current Levels | | Level | 1-Day Change (%) | YTD (%) |
| CBO Repo Rate | | | 5 | | | | |
| O/N OMIBOR | | | 4.25 | S&P 500 | 5997 | 0.999 | 1.96 |
| *Bank Deposit Rates for 1 years | | | 4.25 | Euro Stoxx 600 | 524 | 0.687 | 3.15 |
| Bank Deposit Rates for 5 years | | | 4.00 | Shanghai Composite Index | 3257 | 0.475 | -2.82 |
| <small>*Amount>500k OMR</small> | | | | MSX-30 | 4615 | -0.137 | 0.85 |
| | | | | NIFTY-50 | 23177 | -0.113 | -1.98 |
| | | | | Brent Crude (\$/bbl) | 80.73 | -0.074 | 8.16 |
| | | | | Gold (\$/oz.) | 2703 | -0.002 | 3.00 |
| | | | | | | -0.256 | |
| | | | | DXY | 109 | | 0.53 |
| | | | | Silver(\$/oz.) | 30 | -0.092 | 4.97 |

| Calendar | | | |
|--------------------------------------|-------------------|-----------------|--------------|
| Key Data Watch | Time (GST) | Expected | Prior |
| RU Trade Balance | 17:00 | - | 12.6b |
| CA Bloomberg Nanos Confidence | 17:00 | - | 49.4 |

For any Treasury related requirement, please contact:

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