

Bank Dhofar Morning Market Update



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Global Update

Stocks and bonds slid in Asia following Friday's stronger-than-expected US jobs data, while oil climbed to a four-month high as a fresh wave of US sanctions on Russia threatened to crimp supplies. MSCI's index of regional equities headed for a fourth day of declines as the US payroll numbers damped bets on further Federal Reserve interest-rate cuts. US equity futures pointed to further losses on Wall Street after the S&P 500 fell 1.5% on Friday. Japanese markets are shut for a holiday, meaning there's no trading in cash Treasuries in Asia. The downward pressure in Asia markets is tied to Friday's payrolls data, said Lynn Song, chief greater China economist at ING Bank NV. "Hawkish developments from the US jobs data also adds extra pressure on emerging markets, as markets have gone from pricing in three-to-four cuts prior to Trump's election victory to just one cut now." Brent crude advanced above \$81 a barrel, after surging almost 4% Friday. That was after the US imposed its most aggressive and ambitious sanctions yet on Russia's oil industry, targeting two large exporters, insurance companies, and more than 150 tankers. The jump in oil prices is set to provide an extra challenge for central bankers, including the Fed, if it leads to stickier inflation. West Texas Intermediate crude rose 1.8% to \$77.91 a barrel. Spot gold fell 0.1% to \$2,686.66 an ounce. EUR/USD falls to 1.0213, lowest since Nov 2022. The pair faces challenges as the US Dollar (USD) strengthens following stronger-than-expected job growth in the United States (US) for December. Additionally, the Euro (EUR) faces headwinds as traders anticipate four interest rate cuts by the European Central Bank (ECB), which are expected to occur at each meeting by summer. ECB policymakers appear comfortable with these dovish expectations, as inflationary pressures in the Eurozone remain largely under control.



Source: Reuters, Bloomberg

| Currencies | | | | Rates | | |
|------------|--------|----------|--------|---------------|-----------|--------------------|
| | Open | High | Low | | 08-00 GST | Previous Day Close |
| EURUSD | 1.0237 | 1.0250 | 1.0209 | O/N SOFR | 4.300 | 4.290 |
| GBPUSD | 1.2196 | 1.2221 | 1.2128 | 1 month SOFR | 4.303 | 4.302 |
| USDJPY | 157.75 | 157.9700 | 157.27 | 3 month SOFR | 4.287 | 4.289 |
| USDINR | 86.19 | 86.42 | 86.18 | 6 months SOFR | 4.245 | 4.251 |
| USDCNY | 7.3309 | 7.3319 | 7.3306 | 12 month SOFR | 4.178 | 4.192 |
| USDCHF | 0.9166 | 0.9178 | 0.9155 | 3 years IRS | 4.096 | 4.106 |

| | | | | | | |
|---------------|--------|--------|--------|--------------------|-------|-------|
| AUDUSD | 0.6148 | 0.6163 | 0.6132 | 5 years IRS | 4.123 | 4.135 |
|---------------|--------|--------|--------|--------------------|-------|-------|

The dollar rose against most of its major peers in Asia after jumping Friday following the payroll report. The Bloomberg Dollar Spot Index climbed 0.2%, rising back toward a two-year high set last week. The euro fell 0.3% to \$1.0218. The Japanese yen rose 0.1% to 157.54 per dollar. The offshore yuan rose 0.1% to 7.3554 per dollar. China ramped up its support for the yuan Monday with a warning and tweaks to its capital controls, after the currency dropped close to a record low against the dollar in offshore trading.

Australian and New Zealand bonds slid, following last week's Treasury declines. Aussie 10-year yields climbed as much as 12 basis points to 4.66%. US sovereign bonds had slumped on Friday after the December payroll data, sending the 30-year yield above 5% for the first time in more than a year. The yield on 10-year Treasuries advanced seven basis points to 4.76%. Japan's 10-year yield advanced three basis points to 1.200%. S&P 500 futures fell 0.5% as of 12:44 p.m. Tokyo time. Nikkei 225 futures (OSE) fell 1.2%. Euro Stoxx 50 futures fell 0.4%.

| | Current Levels |
|----------------------------------------|-----------------------|
| CBO Repo Rate | 5 |
| O/N OMIBOR | 4.25 |
| *Bank Deposit Rates for 1 years | 4.25 |
| Bank Deposit Rates for 5 years | 4.00 |

*Amount>500k OMR

| Calendar | | | |
|--------------------------------------------|-------------------|-----------------|--------------|
| Key Data Watch | Time (GST) | Expected | Prior |
| Federal Budget Balance | 23:00 | \$-356.5b | \$-314.0b |
| NY Fed 1 Year Inflation Expectation | 20:00 | 2.97% | 2.87% |

| Global Markets | | | |
|--------------------------------|--------------|-------------------------|----------------|
| | Level | 1-Day Change (%) | YTD (%) |
| S&P 500 | 5827 | -1.541 | -0.93 |
| Euro Stoxx 600 | 512 | -0.841 | 0.76 |
| ShanghaiComposite Index | 3154 | -0.447 | -5.89 |
| MSX-30 | 4598 | 0.019 | 0.47 |
| NIFTY-50 | 23213 | -0.932 | -1.83 |
| Brent Crude (\$/bbl) | 80.96 | 1.505 | 8.47 |
| Gold (\$/oz.) | 2685 | -0.160 | 2.32 |
| | | 0.234 | |
| DXY | 110 | | 1.31 |
| Silver(\$/oz.) | 30 | -0.701 | 4.47 |

For any Treasury related requirement, please contact:

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