

Bank Dhofar Morning Market Update



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Global Update

Asian shares rose after data showed consumption in China grew faster to start the year. Equities advanced in Australia, Japan and South Korea. A key gauge of Chinese stocks listed in Hong Kong gained as much as 1.3%. US equity futures slid as Treasury Secretary Scott Bessent dismissed the market's recent decline as healthy. Curbing risk appetite in US stock futures were latest remarks from Bessent who said he's not worried about the recent downturn that's wiped trillions of dollars from the equities market as the US seeks to reshape its economic policies. China's onshore benchmark CSI 300 Index fluctuated, reflecting caution on signs of a worsening housing slump in the world's No. 2 economy. Oil rose for a second day, benefiting from optimism that demand from top importer China will rise. The dollar was steady. The Bank of Japan is expected to keep its rate steady after a hike last month and the Bank of England is expected to stand pat.

Meantime, Federal Reserve Chairman Jerome Powell faces a tricky task of both assuring investors the economy remains on solid footing and policymakers are ready to step in with support.

EUR/USD edged higher to 1.0946 last week but retreated since then. Initial bias stays neutral this week and more consolidations could be seen. In case of another fall, downside should be contained by 38.2% retracement of 1.0358 to 1.0946 at 1.0721 to bring rebound. On the upside, break of 1.0946 will resume the rally from 1.0176 to retest 1.1274 key resistance. In the bigger picture, prior strong break of 55 W EMA (now at 1.0675) suggests that fall from 1.1274 (2024 high) has completed as a three wave correction to 1.0176. Rise from 0.9534 is still intact, and might be ready to resume.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.0878	1.0894	1.0870	O/N SOFR	4.300	4.300
GBPUSD	1.2932	1.2945	1.2917	1 month SOFR	4.316	4.316
USDJPY	148.72	149.0600	148.46	3 month SOFR	4.295	4.295
USDINR	86.91	86.92	86.81	6 months SOFR	4.198	4.198
USDCNY	7.2280	7.2407	7.2236	12 month SOFR	4.018	4.018
USDCHF	0.8851	0.8855	0.8838	3 years IRS	3.792	3.797
AUDUSD	0.6327	0.6338	0.6318	5 years IRS	3.797	3.805

EUR/USD, which has gained nearly 5% this month on hopes for a fiscal spending revival in Germany, was flat at 1.0881. The Japanese yen fell 0.1% to 148.85 per dollar. The offshore yuan was little changed at 7.2427 per dollar. NZD/USD up 0.1% to 0.5756; AUD/USD unchanged at 0.6324. GBP/USD, which has gained nearly 3% so far this month, was also flat. The Bank of England is set to hold fire on another cut on Thursday. That would leave its rate at 4.5% as it sticks to a gradual, once-a-quarter pace for reductions

US 2-year yields little changed at 4.02% while 10-year yields also steady at 4.31%. In Friday's US trading session, 2-year yields ended up 6bps while 10-year rose 4bps. Australia's 10-year yield declined one basis point to 4.41%. China's 30-year bond futures are struggling as money shifts into domestic equities and it's becoming a negative read across for long-term Treasuries. They are also under pressure from climbing German yields, giving fixed income investors a chance to re-visit the theme of steepening global yield curves.

	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	4.50

*Amount>500k OMR

Calendar			
Key Data Watch	Time (GST)	Expected	Prior
Empire Manufacturing	16:30	-2.0	5.7
Retail Sales Advance MoM	16:30	0.6%	-0.9%

Global Markets			
	Level	1-Day Change (%)	YTD (%)
S&P 500	5639	2.127	-4.13
Euro Stoxx 600	547	1.140	7.68
Shanghai Composite Index	3429	0.285	2.31
MSX-30	4382	-0.125	-4.25
NIFTY-50	22492	0.423	-4.88
Brent Crude (\$/bbl)	71.10	0.737	-3.76
Gold (\$/oz.)	2984	-0.021	13.68
		0.030	
DXY	104		-4.37
Silver(\$/oz.)	34	-0.298	16.60

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