

Bank Dhofar Morning Market Update



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Global Update

Bonds strengthened and equities held steady after softer U.S. inflation data bolstered expectations that the Federal Reserve will cut interest rates later this year—helping ease recent market jitters tied to concerns around AI-related volatility. Gold continued to trade below \$5,000/oz. Government bonds in Australia and New Zealand advanced, while U.S. Treasury futures were little changed as markets maintained full pricing of a July Fed rate cut, with a high probability of a June move. Friday's U.S. inflation release supported Treasuries, leading to a five-basis-point decline in both the 10-year and 2-year yields. Cash trading in U.S. Treasuries will be closed on Monday due to the Presidents' Day holiday. The yen slipped 0.2% against the dollar, and Japanese bond futures edged higher as weaker-than-expected economic growth reduced expectations for near-term Bank of Japan rate hikes. The broader MSCI Asia Pacific Index was little changed, staying close to record highs after gaining around 11% year-to-date. Trading activity is expected to be lighter this week due to Lunar New Year holidays, with Mainland China markets shut all week and Hong Kong closing early on Monday. Elsewhere, precious metals — assets that have rallied alongside stocks this year — slipped. Gold dipped below \$5,000 an ounce, as traders booked profits from a gain in the previous session, spurred by mild US inflation data. The dollar was steady, while Bitcoin traded around \$68,300 after swinging over the weekend. Oil was little changed as traders monitored geopolitical risk before talks between the US and Iran are expected to resume on Tuesday. Silver fell as much as 3.6%. With markets in China closed this week, liquidity is thinner than usual.

EUR/USD opens the week on a softer note, trading near 1.1860 during the Asian session on Monday. Activity is likely to remain muted, with United States markets closed for the Presidents' Day holiday, while Mainland China is also shut for the week-long Lunar New Year break. In the 4-hour chart, EUR/USD trades at 1.1853. The 20-period Simple Moving Average (SMA) turns lower above the 50- and 100-period SMAs, while the 100- and 200-period SMAs extend a gentle rise. The Relative Strength Index (RSI) prints at 44, pointing to waning momentum. Measured from the 1.1590 low to the 1.2025 high, the 50% retracement at 1.1808 offers initial support, with the 61.8% at 1.1756 underpinning on deeper pullbacks. On the upside, if EUR/USD manages to stabilize above the 100 SMA at 1.1854, it could stage a rebound toward the 20 SMA at 1.1888. Failure to base above this support would leave the pair vulnerable to further losses.



Source: Reuters, Bloomberg

Currencies

Rates

	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1872	1.1878	1.1859	O/N SOFR	3.650	3.650
GBPUSD	1.3637	1.3650	1.3634	1 month SOFR	3.664	3.664
USDJPY	152.62	153.1600	152.62	3 month SOFR	3.655	3.655
USDINR	90.60	90.72	90.60	6 months SOFR	3.598	3.598
USDCNY	6.9035	6.9136	6.9029	12 month SOFR	3.441	3.441
USDCHF	0.7686	0.7689	0.7675	3 years IRS	3.231	3.231
AUDUSD	0.7072	0.7088	0.7057	5 years IRS	3.329	3.329
NZDUSD	0.6033	0.6041	0.6013	Treasury futures inch up with cash trading closed for a US holiday.		

USD/JPY up 0.2% to 153.03, AUD/USD rose 0.2% to 0.7086.
 NZD/USD down 0.1% at 0.6031, while GBP/USD fell 0.1% to 1.3642.
 EUR/USD steady at 1.1867.The offshore yuan rose 0.2% to 6.8873 per dollar.

US 10-year yields dropped 5bps to 4.05% on Friday as benign January CPI data reinforced bets for Fed cuts; 2-year yield also fell about 5bps to their lowest since 2022.Japan’s 10-year yield was unchanged at 2.210%.Australia’s 10-year yield declined four basis points to 4.70%

				Global Markets			
			Current Levels		Level	1-Day Change (%)	YTD (%)
CBO Repo Rate			4.25	S&P 500	6836	0.050	-0.14
O/N OMIBOR			4	Euro Stoxx 600	618	-0.133	4.31
*Bank Deposit Rates for 1 years			3.75	ShanghaiComposite Index	4082	-1.257	2.85
Bank Deposit Rates for 5 years			3.75	MSX-30	7129	-0.683	21.51
*Amount>500k OMR				NIFTY-50	25463	-0.030	-2.55
Calendar				Brent Crude (\$/bbl)	67.75	0.000	12.00
Key Data Watch	Time (GST)	Expected	Prior	Gold (\$/oz.)	4974	-1.340	15.17
ADP Weekly Employment Change	17:15		6.5k	DXY	97	0.034	-1.40
Empire Manufacturing	17:30	6.2	7.7	Silver(\$/oz.)	75	-3.004	4.78

For any Treasury related requirement, please contact:
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