

Bank Dhofar Morning Market Update



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Global Update

Asian stocks slid on Thursday after the Federal Reserve forecast fewer interest-rate cuts next year. The yen dropped as the Bank of Japan refrained from raising borrowing costs. Equity benchmarks in Japan, Australia, South Korea and China declined, helping drag a gauge of regional equities down by as much as 1.6%. The losses mirrored a slump in US shares in the previous session, with the S&P 500 suffering its biggest loss since 2001 for a Fed decision day. In the broader foreign-exchange market, the prospect of fewer US rate cuts supported the dollar and sent Asian currencies tumbling. India's rupee slid to a record low while the South Korean won dropped to its weakest level in more than 15 years. Treasury yields were little changed after rising across the curve in the prior session. In commodities, oil fell as expectations for fewer Fed rate cuts boosted the dollar. West Texas Intermediate crude fell 0.6% to \$70.19 a barrel. Gold rose 1% to \$2,610.81 an ounce after a sharp decline Wednesday.

The EUR/USD pair weakens to near 1.0370 during the Asian trading hours on Thursday. The hawkish rate cut by the US Federal Reserve (Fed) lifts the US Dollar (USD) and drags the major pair lower. During the Press Conference, Fed Chair Jerome Powell made clear that the Fed is going to be cautious about further cuts as inflation remains stubbornly above the central bank's 2% target. The expectation of a slower pace of Fed rate reductions next year provides some support to the Greenback against the Euro (EUR). Also, investors expect the European Central Bank (ECB) to cut the interest rates at every meeting until June 2025 as policymakers are concerned about growing economic risks in the Eurozone. The expectation of aggressive rate reductions by the ECB might continue to undermine the shared currency.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		08-00 GST	Previous Day Close
EURUSD	1.0353	1.0391	1.0348	O/N SOFR	4.620	4.650
GBPUSD	1.2574	1.2597	1.2563	1 month SOFR	4.370	4.366
USDJPY	154.80	155.4400	154.44	3 month SOFR	4.354	4.353
USDINR	85.04	85.07	85.04	6 months SOFR	4.283	4.277
USDCNY	7.2974	7.2993	7.2961	12 month SOFR	4.193	4.178
USDCHF	0.9011	0.9022	0.8996	3 years IRS	4.136	4.136

AUDUSD	0.6218	0.6234	0.6199	5 years IRS	4.068	4.068
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The yen weakened past the key level of 155 versus the dollar following the BOJ decision, with traders awaiting clues about the rate outlook from Governor Kazuo Ueda's news conference later Thursday. The move comes after the Fed lowered rates by 25 basis points on Wednesday as expected. The euro rose 0.3% to \$1.0379, while the offshore yuan fell 0.2% to 7.3096 per dollar and, the Australian dollar rose 0.2% to \$0.6228.

The yield on 10-year Treasuries declined one basis point to 4.50% while, Australia's 10-year yield advanced nine basis points to 4.37%. In the US, the last time the S&P 500 saw losses of the magnitude on Fed's decision day was on Sept. 17, 2001, when the index fell nearly 5%. It dropped 12% on March 16, 2020, a day after the Fed's emergency weekend meeting during the pandemic. The Shanghai Composite fell 0.7%, Euro Stoxx 50 futures fell 1.4% and, Nasdaq 100 futures were little changed.

OMR Money Markets				Global Markets			
			Current Levels		Level	1-Day Change (%)	YTD (%)
CBO Repo Rate			5.25				
O/N OMIBOR			4.5	S&P 500	5872	-2.949	23.11
*Bank Deposit Rates for 1 years			4.25	Euro Stoxx 600	514	0.150	7.40
Bank Deposit Rates for 5 years			4.00	ShanghaiComposite Index	3358	-0.721	12.87
<small>*Amount>500k OMR</small>				MSX-30	4470	-1.390	-0.34
				NIFTY-50	23929	-1.115	10.11
Calendar				Brent Crude (\$/bbl)	72.98	-0.545	-1.88
Key Data Watch	Time (GST)	Expected	Prior	Gold (\$/oz.)	2610	0.962	26.53
US Existing Homes Sales	19:00	3.95m	3.84m			0.073	
Bank of England Official Bank Rate	16:00	4.75%	5.0%	DXY	108		6.68
				Silver(\$/oz.)	29	0.226	23.62

For any Treasury related requirement, please contact:

Telephone: +968 2265 2721/2722/2731/2716

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