

Bank Dhofar Morning Market Update



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Global Update

Asian shares fell and Treasuries steadied after a selloff sparked by concerns about a proposed tax-cut bill that threatened to enlarge the US deficit. A regional stock index dropped 0.6%, retreating from a seven-month high. US equity-index futures fluctuated after the S&P 500 index had its sharpest slide in a month. Asian currencies strengthened while a gauge of the dollar edged down for a fourth consecutive session. In Japan, the sovereign debt market was flashing a warning to the central bank that dialing back its bond purchases needs to be done with great care. The issue was in sharp relief this week, with investors shunning an auction of government debt and yields soaring.

Gold price extended the break higher from the range play between the 21-day Simple Moving Average (SMA) and 50-day SMA. The 14-day Relative Strength Index (RSI) holds firm above the midline, currently near 57.50, pointing to more upside. Gold buyers look to take out the falling trendline resistance at \$3,380 on a daily candlestick closing basis to flex their muscles toward the \$3,400 level. The next target will be the record high of \$3,500. On the flip side, strong support aligns near \$3,295, the confluence of the 21-day SMA and the 38.2% Fibonacci Retracement (Fibo) level of April's record rally. A decisive move below that level will threaten the 50% Fibo level at \$3,232, below which a fresh decline will unfold, targeting the 50-day SMA at \$3,193. All in all, buyers will likely remain in control so long as the throwback support near \$3,165, the 61.8% Fibo level holds.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1331	1.1345	1.1311	O/N SOFR	4.270	4.310
GBPUSD	1.3420	1.3441	1.3405	1 month SOFR	4.327	4.327
USDJPY	143.68	144.4000	143.10	3 month SOFR	4.326	4.326
USDINR	85.58	85.72	85.57	6 months SOFR	4.270	4.270
USDCNY	7.1996	7.2052	7.1965	12 month SOFR	4.077	4.077
USDCHF	0.8255	0.8265	0.8234	3 years IRS	3.710	3.724
AUDUSD	0.6436	0.6453	0.6427	5 years IRS	3.756	3.772

NZDUSD	0.5939	0.5948	0.5921
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The yen rises against the dollar, recouping earlier losses that stemmed from news US Treasury Secretary Scott Bessent and Japanese Finance Minister Katsunobu Kato didn’t discuss currency levels in a meeting. A gauge of the dollar falls for a fourth day.USD/JPY falls toward 143 after briefly spiking above 144 in early Asian trade following news of Bessent and Kato’s meeting. EUR/USD and GBP/USD both drift higher ahead of their region’s respective PMI data. AUD/USD advances to mid 0.64-0.65.

Yield on the 30-year US sovereign bond stayed above the crucial 5% mark. The concern in the bond market is that the tax bill would add trillions of dollars in coming years to already bulging budget deficits at a time when investor appetite is waning for US assets across the globe.US 2-year yields drop 2bps to 4% while 10-year yields fall 1bp to 4.59%. In Wednesday’s US trading session, 2-year yields rose 5bps and 10-year yields gained 11bps.

				Global Markets			
			Current Levels		Level	1-Day Change (%)	YTD (%)
CBO Repo Rate			5				
O/N OMIBOR			4.25	S&P 500	5845	-1.613	-0.63
*Bank Deposit Rates for 1 years			4.25	Euro Stoxx 600	554	-0.036	9.10
				ShanghaiComposite Index	3384	-0.097	0.97
Bank Deposit Rates for 5 years			4.50	MSX-30	4469	-0.056	-2.36
*Amount>500k OMR				NIFTY-50	24590	-0.900	4.00
Calendar				Brent Crude (\$/bbl)	64.90	0.000	-11.39
Key Data Watch	Time (GST)	Expected	Prior	Gold (\$/oz.)	3332	0.509	26.95
Initial Jobless Claims	16:30	230k	229k	DXY	100	-0.052	-8.28
Existing Home Sales	18:00	4.10m	4.02m	Silver(\$/oz.)	34	0.421	16.01

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