

Bank Dhofar Morning Market Update



Date: 18/12/24

Global Update

Asian shares snapped a three-day decline to turn higher as traders braced for the Federal Reserve’s final policy decision of the year. Bank of America Corp. sees the Fed lowering interest rates to the 3.75% level — or three more cuts from where they are currently, Chief Executive Officer Brian Moynihan said. A gauge of regional stocks rose 0.3%, led by gains in Hong Kong, mainland China and South Korea. Japanese equities fluctuated. US futures eked out a gain after both the S&P 500 and Nasdaq 100 shed 0.4% Tuesday. Bloomberg’s dollar gauge was little changed. The yen drifted lower ahead of the Bank of Japan’s policy decision Thursday. Treasuries were steady in Asia. While the Fed is widely expected to cut interest rates by another 25 basis points on Wednesday, the focus is on its outlook for next year given Donald Trump’s proposed policies that may rekindle inflation. The central bank’s meeting also comes as US economic data showed a mixed picture, with retail sales increasing at a firm pace and industrial production unexpectedly declining. Over in the commodities space, oil steadied after a two-day drop as an industry report signaled a sizable drawdown in US commercial crude inventories, West Texas Intermediate crude rose 0.3% to \$70.29 a barrel. Gold edged higher. The Canadian dollar slid to its lowest level since March 2020 as Prime Minister Justin Trudeau’s government slips into crisis after the shocking resignation of his finance minister. The currency extended its recent losses to slide another 0.5% on Tuesday past 1.43 per US dollar, the weakest level since the Covid-19 pandemic first shuttered cities. With “holiday liquidity” driving things, the currency can even weaken to 1.4668 per US dollar in the coming weeks, according to Brad Bechtel, global head of FX at Jefferies. That level was last seen on March 19, 2020. The currency has fallen more than 7% against the US dollar this year so far, on path to have the worst year since 2018.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		08-00 GST	Previous Day Close
EURUSD	1.0491	1.0504	1.0491	O/N SOFR	4.620	4.600
GBPUSD	1.2710	1.2723	1.2695	1 month SOFR	4.366	4.375
USDJPY	153.46	153.7900	153.39	3 month SOFR	4.353	4.351
USDINR	84.92	84.93	84.91	6 months SOFR	4.277	4.273
USDCNY	7.2823	7.2857	7.2811	12 month SOFR	4.178	4.171
USDCHF	0.8928	0.8936	0.8920	3 years IRS	4.005	4.005

AUDUSD	0.6337	0.6341	0.6315	5 years IRS	3.939	3.939
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In currency markets, the Canadian dollar slid to its lowest level since March 2020. Brazil took extraordinary measures to stem a collapse in the real, selling over \$3 billion in local markets. The euro was little changed at \$1.0499, the Japanese yen fell 0.1% to 153.67 per dollar, the offshore yuan was little changed at 7.2892 per dollar and, the Australian dollar fell 0.2% to \$0.6326

The yield on 10-year Treasuries declined one basis point to 4.39% as well as Australia's 10-year yield declined one basis point to 4.28%. Japan's exports posted another gain in November as the yen's weakness helped exporters. This comes as the BOJ is set to discuss whether or not a rate hike is warranted on Thursday, with views from officials suggesting a lean toward a hold amid growing speculation of a January move.

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	6051	-0.386	26.85
*Bank Deposit Rates for 1 years			4.25	Euro Stoxx 600	514	-0.421	7.24
Bank Deposit Rates for 5 years			4.00	ShanghaiComposite Index	3386	0.719	13.81
<small>*Amount>500k OMR</small>				MSX-30	4533	0.272	1.07
				NIFTY-50	24349	0.052	12.04
				Brent Crude (\$/bbl)	73.20	0.027	-1.59
				Gold (\$/oz.)	2644	-0.111	28.16
						0.007	
				DXY	107		5.56
				Silver(\$/oz.)	30	-0.486	27.72

Calendar			
Key Data Watch	Time (GST)	Expected	Prior
US Federal Reserve Interest on Reserve Balances	23:00	4.65%	4.90%
UK CPI MoM	11:00	0.5%	0.0%

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