

Bank Dhofar Morning Market Update



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Global Update

Stocks in Asia jumped to track Wall Street's rally while bonds also gained, after an unexpected inflation slowdown bolstered bets that the Federal Reserve's aggressive hiking cycle is over. MSCI Inc.'s Asia Pacific Index rose for a third day, with benchmarks in Hong Kong, Japan and South Korea all climbing more than 2%. Fed swaps indicate the odds of another hike have fallen to almost zero — with the market pricing in a 50 basis-point rate cut by July. Fed officials welcomed the latest data showing receding inflation, while adding that there's still a ways to go before it reaches the central bank's 2% target. The latest economic report from China pointed to a mixed recovery, with retail sales beating estimates but the contraction in property investment deepening. The data followed Chinese central bank's decision to inject the largest amount of cash since 2016 into the banking system as it sought to boost growth, while maintaining the rate on one-year policy loans. Japan's 10-year yield also fell to the lowest level in a month. The dollar extended its weakness in Asia after falling 1.2%, its biggest drop in a year. The yen fell, partly unwinding its strong rally seen in the previous day. The Japanese currency remained on the back foot after the nation's third-quarter economic growth shrank.

The daily chart of AUD/USD shows the pair trading slightly above the 100-day Simple Moving Average (SMA), with technical indicators biased to the upside. The Relative Strength Index (RSI) and Momentum are both moving higher. If the pair remains around 0.6500, it appears poised to test the crucial resistance area around 0.652, with a consolidation above opening the doors to 0.6600. On the 4-hour chart, the bias remains to the upside. The RSI is above 70 but has not turned downward yet. The pair is not showing signs of exhaustion. If the positive momentum continues, a test of 0.6520 seems likely. On the downside, immediate support is around 0.6480, an area that could attract new buyers.



Source: Reuters, Bloomberg

Currencies					Rates		
	Open	High	Low	Close		08-00 GST	Previous Day Close
EURUSD	1.0879	1.0884	1.0866	1.0879	O/N SOFR	5.320	5.320
GBPUSD	1.2499	1.2500	1.2479	1.2499	1 month SOFR	5.330	5.323
USDJPY	150.37	150.79	150.29	150.37	3 month SOFR	5.390	5.380
USDINR	83.07	83.10	83.02	83.33	6 months SOFR	5.435	5.419
USDCNY	7.2587	7.2626	7.2367	7.2528	12 month SOFR	5.348	5.334

USDCHF	0.8891	0.8903	0.8883	0.8891	3 years IRS	4.378	4.378
AUDUSD	0.6507	0.6509	0.6483	0.6507	5 years IRS	4.155	4.155
NZDUSD	0.6008	0.6029	0.5998	0.6008			

Dollar gauges failed to pare the steep declines posted Tuesday in wake of the weak US CPI print. Yen eased after Japan's 3Q GDP contracted amid soft domestic demand. USD/JPY up 0.2% to 150.63 with dollar bid on dips after the GDP print and ahead of large 150 option strikes. AUD/USD fell 0.2% to 0.6492 despite wage data accelerating to fastest pace in 14 years and amid leverage selling of post US CPI longs. GBP/USD fell 0.1% to 1.2488.

The US dollar tumbled by the most in a year after soft inflation data led traders to ramp up bets the Federal Reserve will start cutting interest rates by mid-2024, sending Treasury yields plunging. U.S. 2-year yields are steady at 4.84% while 10-year yields fall 1bp to 4.44%, and 30-year yields lost 2bps to 4.6%. The European Central Bank is confident inflation will return toward its 2% target by 2025 after raising interest rates at a record pace

OMR Money Markets

Current Levels	
CBO Repo Rate	6
O/N OMIBOR	5.784
*Bank Deposit Rates for 1 years	5.0
Bank Deposit Rates for 5 years	5.5

*Amount>500k OMR

Calendar

Key Data Watch	Time (GST)	Expected	Previous
(US) Retails Sales Advance Mom	17:30	-0.3%	0.7%
(US) Retails Sales Ex Auto Mom	17:30	-0.2%	0.6%

Source: Reuters, Bloomberg

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	4496	1.91	0.0
Euro Stoxx 600	453	1.34	6.5
Shanghai Composite Index	0	0.00	0.0
MSX-30	4576	0.25	-5.8
NIFTY-50	19634	0.98	8.4
Brent Crude (\$/bbl)	0	0.00	
Gold (\$/oz.)	1967	0.14	7.8
DXY	104	0.01	0.5

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