

Bank Dhofar Morning Market Update



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Global Update

The greenback fell for a fourth day and headed for its worst month since November last year as traders turned more optimistic about the likelihood of Fed rate cuts. The South Korean won and Japanese yen led the gains in Asia, with the won jumping the most in nearly two weeks. Treasuries were little changed after a rally in the previous session, when the yield on the two-year note, which is sensitive to the Fed's rate path, fell to the lowest in one week. Benchmark 10-year yields had also dropped eight basis points to around 4.4% Monday. Wall Street forecasters have turned more upbeat about the outlook for next year as investor sentiment improves and expectations of a recession are dialed back. Bets that US policymakers are done with the rate-hiking cycle have also fueled a rally in the S&P 500 this month, sinking short-term volatility expectations. The Bloomberg US Treasury Index recently shifted to a positive return for the year as signs of slowing inflation and measured jobs growth unleashed a rally that sent yields tumbling from their highest in more than a decade. Swaps data shows investors are pricing in around 95 basis points of Fed rate cuts from the January meeting into the end of next year. Stocks in Asia were mixed. Japan equities declined on speculation of profit-taking, while Hong Kong equities fell and mainland China shares fluctuated. Traders continued to monitor the fallout from a criminal probe into China's shadow banking giant Zhongzhi Enterprise Group Co., with one lawyer estimating investor losses could reach \$56 billion. GBP/USD reached its highest level since early September, touching the 1.2644 level on Monday. The RSI indicator on the 4-hour chart holds comfortably above 50 on Friday and GBP/USD continues to trade above the 20-period SMA, reflecting the bullish bias in the short term. 1.2550 aligns as a pivot point. Once GBP/USD confirms that level as support, it could target 1.2600 and 1.2670. On the downside, 1.2525 could be seen as first support before 1.2500 and 1.2450.



Source: Reuters, Bloomberg

| Currencies | | | | | Rates | | |
|------------|--------|--------|--------|--------|---------------|-----------|--------------------|
| | Open | High | Low | Close | | 08-00 GST | Previous Day Close |
| EURUSD | 1.0954 | 1.0963 | 1.0949 | 1.0954 | O/N SOFR | 5.320 | 5.310 |
| GBPUSD | 1.2627 | 1.2642 | 1.2625 | 1.2627 | 1 month SOFR | 5.352 | 5.347 |
| USDJPY | 148.69 | 148.70 | 147.98 | 148.69 | 3 month SOFR | 5.393 | 5.387 |
| USDINR | 83.36 | 83.40 | 83.36 | 83.38 | 6 months SOFR | 5.401 | 5.392 |
| USDCNY | 7.1532 | 7.1536 | 7.1463 | 7.1528 | 12 month SOFR | 5.273 | 5.260 |

| | | | | | | | |
|---------------|--------|--------|--------|--------|--------------------|-------|-------|
| USDCHF | 0.8803 | 0.8808 | 0.8796 | 0.8803 | 3 years IRS | 4.378 | 4.378 |
| AUDUSD | 0.6607 | 0.6632 | 0.6602 | 0.6607 | 5 years IRS | 4.120 | 4.120 |
| NZDUSD | 0.6098 | 0.6114 | 0.6093 | 0.6098 | | | |

The Dollar Spot Index down 0.1%, paring earlier losses; dollar weighed down by soft new home sales and Dallas Fed manufacturing data. The yen, on pace for its first positive month since July, outperformed most Group-of-10 peers amid month-end flows, the Japanese yen rose 0.3% to 148.23 per dollar. The euro was little changed at \$1.0956. The offshore yuan was little changed at 7.1564 per dollar. The Australian dollar rose 0.2% to \$0.6618.

The dollar extended its losing streak on further bets the Federal Reserve is almost done with its rate-hiking cycle, treasuries steadied after a rally. The 1-year yield fell 2bps to 5.262%, the yield on 10-year Treasuries advanced two basis points to 4.40%, The 30-year yield fell 7bps to 4.532%. Japan's 10-year yield declined one basis point to 0.760%. Australia's 10-year yield declined six basis points to 4.50%.

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)House Price Index QoQ | 18:00 | | 1.7% |
| (US)Richmond Fed Manufact.Index | 19:00 | 1 | 3 |

Source: Reuters, Bloomberg

Global Markets

| | Level | 1-Day Change (%) | YTD (%) |
|---------------------------------|-------|------------------|---------|
| S&P 500 | 4550 | -0.20 | 0.0 |
| Euro Stoxx 600 | 458 | -0.34 | 7.9 |
| Shanghai Composite Index | 0 | 0.00 | 0.0 |
| MSX-30 | 4626 | -0.03 | -4.8 |
| NIFTY-50 | 19813 | 0.09 | 9.4 |
| Brent Crude (\$/bbl) | 0 | 0.00 | |
| Gold (\$/oz.) | 2015 | 0.06 | 10.5 |
| DXY | 103 | -0.04 | -0.4 |

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