

Bank Dhofar Morning Market Update



Date: 29/11/23

Global Update

The dollar dropped near a four-month low and Treasuries continued a November rally, on growing expectations that the Federal Reserve is done with policy tightening and may start cutting interest rates next year. The New Zealand dollar rallied after the country's central bank signaled there's an increased risk it could hike again next year. The Bloomberg Global Aggregate bond index is up 4.9% in November and on course for its best month since December 2008, after recent data indicated slowing inflation and weaker economic activity. Also driving the greenback's declines is Fed officials' latest dovish rhetoric and billionaire investor Bill Ackman's comment that the US central bank could begin cutting rates sooner than predicted. Stocks in Asia were mixed, with increases in Australia after cooling inflation bolstered the case for the local central bank to resume pausing interest rates next week. Japanese shares fell, as the yen's strengthen to more than 2-month high weighed on exporters. Equities fell in Hong Kong and mainland China. The kiwi dollar rallied about 1% against the greenback after the Reserve Bank of New Zealand's new policy rate forecasts show a slightly higher track 2024, implying a chance of an increase, and no reduction until mid-2025. The central bank kept interest rates unchanged for a fourth straight meeting Wednesday. USD/JPY is back above 147.00, bouncing off a multi-month low after BoJ's Adachi denied speculation of ending negative rates. From a technical perspective, a break below the 100-day Simple Moving Average (SMA) pivotal support near the 147.00 mark could be seen as a fresh trigger for bearish traders. Moreover, oscillators on the daily chart have been gaining negative traction and are still far from being in the oversold territory. This, in turn, suggests that the path of least resistance for the USD/JPY pair is to the downside and supports prospects for deeper losses. Hence, a subsequent fall towards the 146.50-146.40 intermediate support, en route to the 146.00 round figure, looks like a distinct possibility.



Source: Reuters, Bloomberg

Currencies					Rates		
	Open	High	Low	Close		08-00 GST	Previous Day Close
EURUSD	1.0993	1.1017	1.0992	1.0993	O/N SOFR	5.320	5.320
GBPUSD	1.2694	1.2733	1.2693	1.2694	1 month SOFR	5.348	5.352
USDJPY	147.48	147.55	146.67	147.48	3 month SOFR	5.388	5.393
USDINR	83.32	83.33	83.28	83.34	6 months SOFR	5.394	5.401
USDCNY	7.1181	7.1279	7.1177	7.1363	12 month SOFR	5.264	5.273

USDCHF	0.8780	0.8780	0.8757	0.8780	3 years IRS	4.251	4.251
AUDUSD	0.6649	0.6676	0.6637	0.6649	5 years IRS	4.004	4.004
NZDUSD	0.6136	0.6208	0.6132	0.6136	Australia's monthly inflation gauge snapped two months of acceleration in October, bolstering the case for the Reserve Bank to resume pausing interest rates next week. Australia's 10-year yield declined 12 basis points to 4.37%. The yield on 10-year Treasuries declined three basis points to 4.29%. Japan's 10-year yield declined 5.5 basis points to 0.695%. US consumer confidence rose for the first time in four months in November, aided by more optimistic views about the outlook for the labor market.		

NZD/USD advances as much as 1.1% after the Reserve Bank of New Zealand held the official cash rate at 5.5% as forecast by all economists and warned that inflation remains too high, spot climbs to 0.6204, was at 0.6151 prior to release. The Dollar Spot Index fell 0.2%. The euro was little changed at \$1.1000. The Japanese yen rose 0.3% to 147.08 per dollar. The Australian dollar was little changed at \$0.6652.

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)MBA Mortgage Applications	16:00		3.0%
(US)Advance Goods Trade Balance	17:30	-\$86.5b	-\$85.8b

Source: Reuters, Bloomberg

Global Markets

	Level	1-Day Change (%)	YTD (%)
S&P 500	4555	0.10	0.0
Euro Stoxx 600	457	-0.30	7.6
Shanghai Composite Index	0	0.00	0.0
MSX-30	4633	0.14	-4.6
NIFTY-50	20008	0.60	10.5
Brent Crude (\$/bbl)	0	0.00	
Gold (\$/oz.)	2045	0.19	12.1
DXY	103	-0.12	-0.9

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