

# Bank Dhofar Morning Market Update



Date: 17/04/24

## Global Update

Asian stocks traded in narrow ranges following a rout that pushed a key benchmark close to erasing the year's advance. The MSCI Asia Pacific Index steadied after an earlier drop. Stocks in Asia diverged, with losses in Japan and South Korea offset by gains in mainland China. Chinese shares rebounded as the securities regulator tried to allay concerns about new stock exchange rules following a rout in small-cap shares. Currencies were in focus once again as traders braced for higher-for-longer interest rates in the US. After recent strong US data, the market is now pricing in 25-to-50 basis point reductions in the Federal Reserve rate this year starting July or September. Treasury yields traded in a narrow range after climbing to fresh 2024 highs Tuesday when Federal Reserve chief Jerome Powell said it will likely take longer to have confidence that inflation is headed toward the central bank's target. The remarks represented a shift in his message after a key measure of inflation exceeded forecasts for a third month. Oil edged lower as traders wait to see how Israel would respond to Iran's weekend attack. Gold held near a record-high.

Intraday bias in GBP/USD remains neutral at this point and more consolidations could be seen. Recovery should be limited by 1.2577 minor resistance to bring another fall. On the downside, firm break of 1.2407 will resume the decline from 1.2892 to 100% projection of 1.2892 to 1.2538 from 1.2708 at 1.2354. Firm break there will target 161.8% projection at 1.2207 next. In the bigger picture, price actions from 1.3141 medium term top are seen as a corrective pattern to up trend from 1.0351 (2022 low). Fall from 1.2892 is seen as the third leg. Deeper decline would be seen to 1.2036 support and possibly below. But strong support should emerge from 61.8% retracement of 1.0351 to 1.2452 at 1.1417 to complete the correction.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		08-00 GST	Previous Day Close
EURUSD	1.0619	1.0636	1.0613	O/N SOFR	5.320	5.310

GBPUSD	1.2427	1.2440	1.2423	1 month SOFR	5.319	5.316
USDJPY	154.72	154.73	154.60	3 month SOFR	5.327	5.317
USDINR	83.51	83.56	83.48	6 months SOFR	5.305	5.282
USDCNY	7.2351	7.2400	7.2351	12 month SOFR	5.220	5.172
USDCHF	0.9130	0.9131	0.9119	3 years IRS	4.687	4.687
AUDUSD	0.6402	0.6424	0.6400	5 years IRS	4.447	4.447
NZDUSD	0.5881	0.5908	0.5861			

The dollar edged lower versus most of its major peers Wednesday after seeing its best five-day gain since October 2022. The greenback's resilience is exerting pressure on global emerging-market currencies and prompting authorities to ramp up defense against rapid depreciation. The euro was little changed at \$1.0628. The Japanese yen was little changed at 154.65 per dollar. The offshore yuan was little changed at 7.2605 per dollar. The Australian dollar rose 0.2% to \$0.6416.

After starting the year by pricing in as many as six rate cuts in 2024, or 1.5 percentage points of easing, traders are now doubtful there will even be a half point of reductions. Market-implied expectations for Fed rate cuts which have collapsed in the past two weeks declined further after Powell's comment on inflation. The yield on 10-year Treasuries was little changed at 4.66%

Japan's 10-year yield advanced 1.5 basis points to 0.880%

Australia's 10-year yield advanced five basis points to 4.38%

OMR Money Markets				Global Markets			
		Current Levels		Level	1-Day Change (%)	YTD (%)	
CBO Repo Rate		6					
O/N OMIBOR		5.478		S&P 500	5051	-0.206	5.90
*Bank Deposit Rates for 1 years		5.25		Euro Stoxx 600	498	-1.526	4.01
Bank Deposit Rates for 5 years		5.00		Shanghai Composite Index	3044	1.237	2.33
				MSX-30	4738	0.209	4.95
				NIFTY-50	22148	-0.559	1.92
				Brent Crude (\$/bbl)	89.51	-0.567	16.79
				Gold (\$/oz.)	2381	-0.059	15.44
				DXY	106	0.007	4.87
				Silver(\$/oz.)	28	0.094	18.23

\*Amount>500k OMR

Calendar			
Key Data Watch	Time (GST)	Expected	Prior
MBA Mortgage Applications	15:00		0.1%
Federal Reserve Releases Beige Book	22:00		

Source: Reuters, Bloomberg

**For any Treasury related requirement, please contact:**

**Telephone: +968 2265 2721/2722/2731/2716**

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