

Bank Dhofar Morning Market Update



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Global Update

US equity-index futures dropped and Treasuries yield curve steepened after Moody's Ratings stripped the US government of its top credit rating, citing a ballooning budget deficit it said showed little sign of narrowing. Contracts for the S&P 500 dropped 1% and those for the Nasdaq 100 declined 1.3% as the ratings were cut one level to Aa1 from Aaa Friday. The downgrade risks reinforcing Wall Street's growing worries over the US sovereign bond market and revives the 'Sell America' concerns triggered by President Donald Trump's trade war. The rating cut comes as Capitol Hill debates even more unfunded tax cuts and the economy looks set to slow as Trump upends long-established partnerships and re-negotiates trade deals.

EUR/USD dived further to 1.1064 last week but recovered ahead of 38.2% retracement of 1.0176 to 1.1572 at 1.1039. Initial bias remains neutral this week first. Strong support is still expected from 1.1039 to complete the correction from 1.1572. On the upside, above 1.1292 will bring stronger rise back to retest 1.1572. However, sustained break of 1.1039 will dampen this view and target 61.8% retracement at 1.0709 next. In the bigger picture, rise from 0.9534 long term bottom could be correcting the multi-decade downtrend or the start of a long term up trend. In either case, further rise should be seen to 100% projection of 0.9534 to 1.1274 from 1.0176 at 1.1916. This will now remain the favored case as long as 55 W EMA holds.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1166	1.1203	1.1157	O/N SOFR	4.310	4.310
GBPUSD	1.3281	1.3314	1.3245	1 month SOFR	4.324	4.324
USDJPY	145.54	145.5500	144.81	3 month SOFR	4.322	4.322
USDINR	85.44	85.63	85.44	6 months SOFR	4.260	4.260
USDCNY	7.2081	7.2172	7.2081	12 month SOFR	4.068	4.068
USDCHF	0.8344	0.8419	0.8342	3 years IRS	3.706	3.714
AUDUSD	0.6411	0.6432	0.6398	5 years IRS	3.740	3.738

USD/JPY falls and briefly dips under 145. AUD/USD advances to hold above 0.64. A few larger exporters were seen buying the Australian

The 10-year Treasury yields climbed three basis points to around 4.50% and their 30-year equivalents rose four basis points to 4.99%. A move through

dollar in the Tokyo morning session to hedge out their US dollar receipts, according to Asia-based FX traders. EUR/USD advances to approach 1.12 while GBP/USD gains and hovers near 1.33.

Current Levels	
CBO Repo Rate	5
O/N OMIBOR	4.25
*Bank Deposit Rates for 1 years	4.25
Bank Deposit Rates for 5 years	4.50

*Amount>500k OMR

Calendar			
Key Data Watch	Time (GST)	Expected	Prior
Leading Index	18:00	-0.9%	-0.7%

5% for the longer-dated benchmark would put levels last seen in 2023 in play, they peaked that year at 5.18%, the highest since 2007.Australia’s 10-year yield advanced six basis points to 4.52%.

Global Markets			
	Level	1-Day Change (%)	YTD (%)
S&P 500	5958	0.701	1.30
Euro Stoxx 600	549	0.422	8.20
ShanghaiComposite Index	3364	-0.090	0.38
MSX-30	4436	0.585	-3.07
NIFTY-50	25015	-0.018	5.80
Brent Crude (\$/bbl)	65.13	-0.413	-11.07
Gold (\$/oz.)	3218	0.441	22.61
DXY	101	-0.288	-7.08
Silver(\$/oz.)	32	0.159	11.92

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