

Bank Dhofar Morning Market Update



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Global Update

A gauge of regional equities rose as much as 0.5% before paring some gains. Tech-heavy markets of South Korea and Taiwan outperformed. Futures contracts for US stock indexes edged lower after the S&P 500 fell 0.5% and the Nasdaq 100 dropped 0.4% on Monday. Bitcoin fluctuated after losing more than 5% in the previous session. Demand at this year's final auction of 10-year Japanese bonds was stronger than the 12-month average. The sale had assumed greater importance for traders after increased speculation over an interest-rate hike sparked a yield surge. Global markets were off to a shaky start in December on Monday as the renewed selloff in cryptocurrencies and hawkish comments from BOJ's Ueda spurred risk aversion. The focus in the coming days will remain on central bank actions as Federal Reserve policymakers meet Dec. 9-10 and the BOJ decides on rates on Dec. 19. The bid-to-cover ratio was 3.59 compared with 2.97 at the previous sale in November, and a 12-month average of 3.20. In another sign of strong investor demand, the tail, or gap between average and lowest-accepted prices, was 0.04, compared with 0.13 last month. In the US, data Monday showed factory activity shrank in November by the most in four months as orders weakened. Fed officials will get a dated reading on their preferred inflation gauge before next week's rate decision. The report due Friday is expected to show that inflationary pressures are stable, but sticky. Yet the debate will likely largely center on the job market when policymakers meet for the rate decision.

EUR/USD clings to the 1.1600 mark posting modest gains of over 0.15% on Monday as the Greenback tumbles following hawkish remarks by Kazuo Ueda, Bank of Japan Governor. EUR/USD remains firm following US Dollar dynamics, although a challenge to the 1.1660 region should prove to be a tough one. Further upside impetus is expected to confront the November top at 1.1656. The break above this region exposes a potential move to the weekly highs at 1.1668 and 1.1728, all ahead of the October ceiling at 1.1778. In contrast, the breach below the weekly trough at 1.1491 could open the door to a visit to the November floor at 1.1468 prior to the critical 200-day SMA at 1.1437. Down from here comes the August base at 1.1391, while a deeper pullback could put the weekly low at 1.1210 and then the May valley at 1.1064 back on the radar. Additionally, the pair's near-term outlook still appears promising. That said, the RSI rose past the 55 level, indicating improving upside momentum, although the ADX below 12 still signals a weak trend.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1610	1.1614	1.1604	O/N SOFR	4.120	0.000
GBPUSD	1.3213	1.3222	1.3203	1 month SOFR	3.864	3.864
USDJPY	155.46	155.7700	155.43	3 month SOFR	3.787	3.787
USDINR	89.70	89.85	89.70	6 months SOFR	3.704	3.704

USDCNY	7.0777	7.0778	7.0745
USDCHF	0.8047	0.8050	0.8038
AUDUSD	0.6544	0.6553	0.6538
NZDUSD	0.5729	0.5729	0.5719

EUR/USD consolidates above 1.16 while USD/JPY rises back above mid 155-156. GBP/USD holds above 1.32 while AUD/USD edges higher to hover near mid 0.65-0.66.The offshore yuan was little changed at 7.0736 per dollar. NZD/USD steady at 0.5727.

Current Levels	
CBO Repo Rate	4.5
O/N OMIBOR	4
*Bank Deposit Rates for 1 years	4.00
Bank Deposit Rates for 5 years	4.00

*Amount>500k OMR

Calendar			
Key Data Watch	Time (GST)	Expected	Prior
Housing Starts	12/02-12/13	1330k	1307k
Retail Inventories MoM	12/02-12/20		0.0%

12 month SOFR	3.511	3.511
3 years IRS	3.292	3.293
5 years IRS	3.365	3.365

Swaps now imply about an 80% probability of a BOJ hike this month, with the odds rising to more than 90% for January. That compares with just 36% for December as recently as a week ago.Treasuries steadied on Tuesday after falling across the curve in the previous session, when the 10-year yield jumped seven basis points to around 4.1%. Australia’s 10-year yield climbed six basis points.

Global Markets			
	Level	1-Day Change (%)	YTD (%)
S&P 500	6813	-0.532	15.83
Euro Stoxx 600	575	-0.201	13.33
ShanghaiComposite Index	3893	-0.548	16.13
MSX-30	5710	0.082	24.77
NIFTY-50	26084	-0.349	10.32
Brent Crude (\$/bbl)	63.21	0.079	-11.32
Gold (\$/oz.)	4217	-0.352	60.69
		-0.014	
DXY	99		-8.38
Silver(\$/oz.)	57	-1.402	97.83

For any Treasury related requirement, please contact:
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