

Bank Dhofar Morning Market Update



Date: 05/02/25

Global Update

Asian equities trimmed their gains after Chinese shares opened lower as caution prevailed among investors with trade tensions rising between the world's two largest economies. Hong Kong equities fell while a gauge of Asian shares gave up some of its advance as China's market reopened Wednesday after Lunar New Year holidays. Contracts for US and European equities lower after Google's parent Alphabet Inc. and Advanced Micro Devices Inc. tumbled in extended trading. The yen gained against the dollar and gold rose to a record high on haven demand. Investors are reducing risk as uncertainty remains high with Beijing's swift retaliation to the US's 10% tariff on imports from China. The first volleys in the latest US-China trade war made clear that Xi Jinping is taking a more cautious approach than during Donald Trump's first term. Amid rising trade tensions, the US Postal Service said it was temporarily suspending inbound international packages from China and Hong Kong Posts. Elsewhere, Japanese stocks retreated, erasing their morning's gains as the yen strengthened against the dollar. The yen appreciated on expectations that Bank of Japan will continue with rate hikes, following strong domestic wage data and government comments on inflation. In commodities, oil edged lower West Texas Intermediate crude fell 0.4% to \$72.44 a barrel as concerns that the trade war would hurt global growth outweighed the announcement of reinforced sanctions on Iran. Bullion reached an all-time peak above \$2,854 an ounce.

The People's Bank of China set the so-called fixing at 7.1693 per dollar on Wednesday as onshore markets reopened after Lunar New Year holidays. The central bank has been holding the fixing at levels stronger than 7.2 per dollar to shield the yuan from the dollar's gains since Donald Trump won the US Presidential election in November. Goldman Sachs Group Inc. forecasts the fixing to gradually drift weaker toward 7.3 and the onshore yuan to reach 7.4 to 7.5 levels.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		08-00 GST	Previous Day Close
EURUSD	1.0379	1.0387	1.0370	O/N SOFR	4.360	4.380
GBPUSD	1.2480	1.2490	1.2469	1 month SOFR	4.307	4.313
USDJPY	154.34	154.4600	153.10	3 month SOFR	4.302	4.303
USDINR	87.13	87.17	87.11	6 months SOFR	4.262	4.251
USDCNY	7.2768	7.2858	7.2768	12 month SOFR	4.193	4.168
USDCHF	0.9052	0.9059	0.9045	3 years IRS	4.030	4.030

AUDUSD	0.6254	0.6260	0.6240	5 years IRS	4.021	4.021
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China continued to support the yuan by setting the daily reference rate for the currency at a level stronger than 7.2 per dollar as a trade war with the US added to depreciation pressure on the yuan. The euro was little changed at \$1.0380. The Japanese yen rose 0.8% to 153.17 per dollar. The offshore yuan was little changed at 7.2884 per dollar. Traders are betting on bigger swings in the euro as the currency market wagers that the next focus of US President Donald Trump's tariffs is Europe. The common currency has already experienced the most volatility since 2022 in the past week.

The yield on 10-year Treasuries was little changed at 4.51%. Australia's 10-year yield declined five basis points to 4.37%. S&P 500 futures fell 0.5% as of 1:03 p.m. Tokyo time. Australia's S&P/ASX 200 rose 0.6%. Hong Kong's Hang Seng fell 0.7%. The Shanghai Composite fell 0.4%. Euro Stoxx 50 futures fell 0.4%. Front-end Treasuries are signaling concern that the Federal Reserve may have to abandon its policy loosening by the end of the year. The spread between two-year Treasuries and the Fed funds effective rate turned positive recently and is still holding just below zero.

				Global Markets			
			Current Levels		Level	1-Day Change (%)	YTD (%)
CBO Repo Rate			5				
O/N OMIBOR			4.25	S&P 500	6038	0.723	2.66
*Bank Deposit Rates for 1 years			4.20	Euro Stoxx 600	536	0.222	5.60
Bank Deposit Rates for 5 years			4.50	ShanghaiComposite Index	3239	-0.361	-3.37
<small>*Amount>500k OMR</small>				MSX-30	4587	0.736	0.23
				NIFTY-50	23744	0.020	0.42
				Brent Crude (\$/bbl)	75.80	-0.525	2.10
				Gold (\$/oz.)	2855	0.439	8.79
						-0.027	
				DXY	108		-0.51
				Silver(\$/oz.)	32	0.324	11.66

Calendar			
Key Data Watch	Time (GST)	Expected	Prior
S&P Global US Services PMI	18:45	56.5	56.8
UK Official Reserves Changes	13:30	-	\$-979m

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