

Bank Dhofar Morning Market Update



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Global Update

A global equities rally spurred by the Federal Reserve's interest-rate cut evaporated as disappointing results from Oracle Corp. weighed on tech shares and focus turned to the US central bank's outlook for further easing next year. Futures on Nasdaq 100 slumped as much as 1.6% while a selloff in technology stocks in Asia caused the regional equity gauge to reverse early gains. S&P 500 futures declined 1.1%. Shares of Oracle, whose fate is deeply tied to the artificial intelligence boom, plunged more than 10% in extended US trading after second-quarter cloud sales fell just short of analysts' estimates. In a sign of waning risk appetite, Bitcoin plunged more than 3%. The moves in Asia came after the S&P 500 rose 0.7% on Wednesday, ending just short of all-time highs as the Fed cut rates for a third consecutive time and Chair Jerome Powell voiced optimism that the economy will strengthen as the inflationary impact from tariffs fades away. In Japan, bond futures extended gains after an auction of 20-year government debt drew its strongest demand since 2020 as higher yield levels attracted investors. Yields across the curve have climbed to multi-year highs on renewed fiscal concerns as well as rising expectations for a Bank of Japan rate hike at its meeting next week. US Treasuries rallied on Wednesday, with the policy-sensitive two-year yield sliding eight basis points, as the Fed's quarter-point rate reduction was accompanied by the authorization of fresh Treasury bill purchases to rebuild bank reserves. The yield fell one more basis point on Thursday. Powell pushed through the quarter percentage point cut not only over the objection of a few voters. A much larger group of regional Fed bank presidents who participated in the debate but weren't among this year's voting roster also signaled they opposed the cut.

GBP/USD punched a fresh hole into seven-week highs on Wednesday, rising back into the 1.3400 neighborhood after the Federal Reserve delivered a widely expected third straight interest rate cut. The overnight breakout through the 1.3275-1.3280 confluence – comprising the 200-day Simple Moving Average (SMA) and the 38.2% Fibonacci retracement level of the September-November downfall – is seen as a key trigger for the GBP/USD bulls. With oscillators on the daily chart holding in positive territory, some follow-through buying beyond the 1.3365 area (50% retracement level) should allow spot prices to reclaim the 1.3400 mark. The momentum could extend further towards the 61.8% retracement level, around the 1.3455-1.3460 horizontal barrier, en route to the 1.3500 psychological mark.



Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		Last Price	Previous Day Close
EURUSD	1.1695	1.1707	1.1686	O/N SOFR	3.930	0.000
GBPUSD	1.3383	1.3392	1.3363	1 month SOFR	3.761	3.761
USDJPY	156.02	156.0300	155.49	3 month SOFR	3.736	3.736
USDINR	89.99	90.24	89.97	6 months SOFR	3.676	3.676
USDCNY	7.0586	7.0626	7.0586	12 month SOFR	3.535	3.535

USDCHF	0.7999	0.8001	0.7987
AUDUSD	0.6676	0.6679	0.6629
NZDUSD	0.5816	0.5821	0.5792

AUD/USD falls as much as 0.5% to trade just below mid 0.66-0.67. EUR/USD is little changed as it hovers near 1.17 while GBP/USD consolidates in narrow range below 1.34. USD/JPY declines to remain under 156. USD/CHF edges lower to hold below 0.80 ahead of SNB's interest rate decision. The Bloomberg Dollar Spot Index edges up 0.1% after falling 0.4% on Wednesday, its biggest drop in nearly three months

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
Initial Jobless Claims	17:30	220k	191k
Continuing Claims	17:30	1938k	1939k

3 years IRS 3.350 3.367
5 years IRS 3.432 3.455
 US 2-year yields are down 1.5bps to 3.52% while 10-year yields fall 3bps to 4.12%. In Wednesday's US trading session 2-year yields ended down 8bps while 10-year dropped 4bps. Federal Reserve Chair Jerome Powell downplayed dissenting votes against Wednesday's decision to lower interest rates again, but a slew of finer details from the meeting revealed just how divided the central bank has become.
 The Federal Reserve said it will begin buying \$40 billion of Treasury bills per month starting Friday, in a move to ease short-term funding costs by rebuilding reserves in the financial system

Global Markets			
	Level	1-Day Change (%)	YTD (%)
S&P 500	6887	0.675	17.09
Euro Stoxx 600	578	0.069	13.90
Shanghai Composite Index	3883	-0.456	15.84
MSX-30	5947	-0.240	29.95
NIFTY-50	25721	-0.144	8.78
Brent Crude (\$/bbl)	62.16	-0.064	-12.79
Gold (\$/oz.)	4214	-0.358	60.55
		-0.080	
DXY	99		-9.01
Silver(\$/oz.)	62	-0.005	113.84

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