

Bank Dhofar Morning Market Update



Date: 03/02/25

Global Update

The dollar surged while equity markets and other currencies dropped after US President Donald Trump made good on his threat to impose tariffs on imports from Canada, Mexico and China. The yields on two-year US Treasuries rose while European and US stock futures slumped. An index of Asia-Pacific shares also dropped in response to the punitive measures taken against some of America's biggest trading partners. The Canadian dollar sank to its weakest since 2003, while the euro extended its decline after Trump said tariffs on EU goods would "definitely happen." The rapid escalation in tensions constitutes the most extensive act of protectionism taken by a US president in almost a century and triggered a selloff across asset classes, given its knock-on effect on everything from inflation rates to geopolitics and economic growth. Trump said he plans talks on Monday with Canada and Mexico ahead of the tariffs coming into force. In response to the US announcement, Canadian Prime Minister Justin Trudeau unveiled a 25% counter-tariff, while Mexican leader Claudia Sheinbaum pledged retaliatory levies. China's Commerce Ministry issued a statement vowing "corresponding countermeasures," without elaborating, and vowed to file a complaint to the World Trade Organization. Haven bets fueled a drop in the yield of 10-year US Treasuries, while foreign currencies get hurt as American demand declines for costlier imports. The Mexican peso posted losses on Monday. West Texas Intermediate crude rose 1.6% to \$73.70 a barrel. Spot gold fell 0.8% to \$2,776.06 an ounce. Oil advanced as President Donald Trump placed hefty tariffs on a range of imports, including crude from Canada and Mexico, threatening higher costs for American consumers. Global benchmark Brent was above \$76. Trump followed through on his threats to impose levies of 25% on Canadian and Mexican imports and 10% on Chinese goods starting on Tuesday.



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Source: Reuters, Bloomberg

Currencies				Rates		
	Open	High	Low		08-00 GST	Previous Day Close
EURUSD	1.0296	1.0308	1.0141	O/N SOFR	4.360	4.350
GBPUSD	1.2392	1.2393	1.2250	1 month SOFR	4.313	4.309
USDJPY	155.11	155.8900	154.67	3 month SOFR	4.302	4.291
USDINR	87.03	87.30	87.03	6 months SOFR	4.248	4.239
USDCNY	7.2560	7.2675	7.2444	12 month SOFR	4.160	4.158
USDCHF	0.9084	0.9195	0.9073	3 years IRS	4.089	4.026

AUDUSD	0.6219	0.6220	0.6088	5 years IRS	4.087	4.034
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Behind the rally in the dollar is the bet that tariffs will fuel inflationary pressures and keep US interest rates elevated, while also hurting foreign economies more than the US and adding to the greenback's safe-haven lure. The euro fell 1.3% to \$1.0227. The Japanese yen fell 0.2% to 155.56 per dollar. The offshore yuan fell 0.4% to 7.3537 per dollar. USD/CAD nears 1.48 while USD/MXN climbs above 21 to its highest level since March 2022. AUD/USD declines to below 0.61. NZD/USD falls and nears 0.55 with support at 0.5470, its 2020 low.

The yield on 10-year Treasuries declined three basis points to 4.50%. US 2-year yields are up 4bps to 4.24%. In Friday's US trading session 2-year yields ended down 1bp while the 10-year's gained 2bps Australia's 10-year yield declined eight basis points to 4.35%. S&P 500 futures fell 2% as of 11:45 a.m. Tokyo time. Japan's Topix fell 2.3%. Australia's S&P/ASX 200 fell 1.8%. Hong Kong's Hang Seng fell 1.4%. Euro Stoxx 50 futures fell 2.7%.

		Current Levels
CBO Repo Rate		5
O/N OMIBOR		4.25
*Bank Deposit Rates for 1 years		4.20
Bank Deposit Rates for 5 years		4.50

*Amount>500k OMR

Calendar			
Key Data Watch	Time (GST)	Expected	Prior
S&P Global UK Manufacturing PMI	13:30	47.0	47.0
S&P Global US Manufacturing PMI	18:45	49.8	49.4

Global Markets			
	Level	1-Day Change (%)	YTD (%)
S&P 500	6041	-0.505	2.70
Euro Stoxx 600	540	0.128	6.29
ShanghaiComposite Index	3251	-0.062	-3.02
MSX-30	4556	0.279	-0.45
NIFTY-50	23231	-1.072	-1.75
Brent Crude (\$/bbl)	76.23	0.740	2.68
Gold (\$/oz.)	2779	-0.697	5.88
		1.305	
DXY	110		1.20
Silver(\$/oz.)	31	-1.390	6.81

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