



# Bank Muscat Money Market Fund

## Objective

The Fund's objective is to generate steady returns with preservation of capital and provide daily liquidity. The Fund seeks to achieve this by investing in liquid, high quality money market instruments including bank deposits with commercial banks in Oman and the GCC.

## Fund Highlights

- 1) The Fund aims to protect capital, provide daily liquidity & generate attractive yield.
- 2) The Fund is designed as an alternative to traditional current and call accounts with commercial banks.

## Portfolio Report

Bank Muscat Money Market Fund's annualized return stood at 5.18% for the month of March 2024. The fund continues to appeal to investors as a result of its superior performance with added benefit of no entry or exit load. In addition, the Fund also provides daily subscription and redemption for investors. The returns provided by the fund are higher than the typical call rates offered by banks in Oman.

The 2<sup>nd</sup> FOMC meeting of the year concluded on 20th March with the FOMC deciding to keep the Fed Fund rates unchanged at 5.25%-5.50%, without any key change in the policy statement, and signalled that rates were at the peak and cuts will be considered during the year subject to further progress on disinflation. The decision to hold rates was expected by the market participants, though the main focus was on the updated economic projections and the new Dot-Plot. The FOMC statement repeated, "The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2%."

The economic projections were updated with median GDP growth revised higher for 2024-2026, unemployment rate revised lower for 2024 and Core PCE inflation revised higher for 2024. Despite upward revisions to growth and inflation, and lower unemployment projections, the Fed continued to project 3 rate cuts in 2024. For 2025 and 2026, the median showed 3 rate cuts each. Recent policymaker comments indicate that economic resilience and bumpy inflation alleviate the need for a near-term policy adjustment.

Market-implied pricing pointed to a 1.5% reduction in the Fed funds rate at the start of the year. As of April 5, only three 0.25% rate cuts are anticipated. While the timeline for the start of the cutting cycle has become clearer, and is likely this summer, forecasting the pace and final point of policy rates remains uncertain as central banks remain responsive to incoming data.

Euro area continued its path to disinflation, annual core inflation fell below 3% for the first time in two years. However, services inflation remains persistent, reflecting elevated wage growth. Markets anticipate that the ECB will keep policy unchanged next week, but rate reductions are expected to begin in June, contingent upon the analysis of additional wage data.

UK's inflation is also moving in the right direction, as annual headline inflation fell to its lowest level since September 2021, and is well below the peak of 11.1% in October 2022. However, inflation remains above the BoE's 2% target due to still-elevated services inflation. As the labor market continues to rebalance, wage growth should ease, leading to a decrease in services prices.

During the month, the Bank of Japan raised interest rates for the first time since 2007 and removed the target and reference rate for 10-year JGB yields, ending an unconventional policy regime. BoJ Governor flagged a rapid rate hiking cycle could create risks in the economy given Japan has been accustomed to low interest rates for an extended period.

Central Bank of Oman issued 28-day T-bills on 25th March at a yield of 4.97247%, the yields on these bills were lower than the bills issued on 26th February at a yield of 5.16953%.

The Bank Muscat Money Market Fund has a strong track record in terms of providing liquidity and attractive returns for short term cash management for the investors. The monthly performance for the past 12 months is given below:

## Portfolio Performance

Particular	Mar 2024	Feb 2024	Jan 2024	Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023
Return*	5.18%	5.20%	5.19%	5.18%	5.12%	5.04%	5.03%	4.91%	4.83%	4.63%	4.65%	4.52%	4.23%
Weighted Average Maturity (Days)	69	65	72	94	117	116	146	142	135	129	142	83	75

\*annualized # WAM reinstated for callable deposits.

## Fund's performance

Fund's name	1 month	3 months	6 months	YTD	12 months
Bank Muscat Money Market Fund	5.18%	5.19%	5.15%	5.19%	4.89%

Annualized

For further information, please contact:

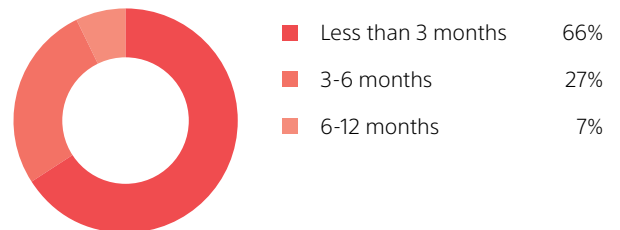
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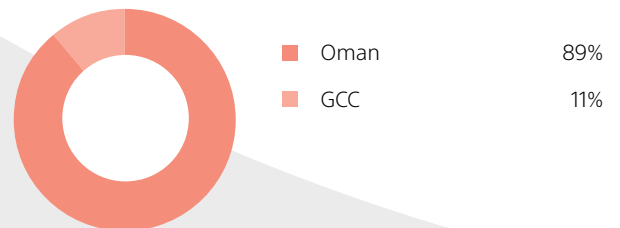
## Fund Information

Fund Manager	Shridhar Shenoy; Ashishkumar Prajapati
Custodian	Bank Muscat SAOG
Domicile Oman	Oman
Risk Profile	Low

## Deposit Profile



## Geographic allocation



## Currency Profile

