

FOREIGN EXCHANGE MARKET

News

- > Global markets were mostly dominated last week by the crash in oil prices, expectation for an interest rate hike in the US next month and the French second round presidential elections.
- > The Euro soared to a six-month high of USD 1.1022 before steadying around USD 1.0965 as the centrist Emmanuel Macron won the French presidential elections against the far-right candidate Marine Le Pen. The results brought relief to financial markets even though investors had widely anticipated this outcome.
- > Robust US non-farm payrolls report on Friday failed to trigger a rally in the US dollar, which traded relatively flat against a basket of currencies. More jobs than forecasted were created last month in the US while the unemployment rate fell to 4.4 percent.
- > The GBP/USD pair closed at 1.2981 last week, its highest level since September 2016, supported by stronger UK economic data.
- > The USD/JPY pair steadied around 112.75, after hitting a 7-week high of 113.14 while Japanese shares rallied after a three-day holiday, amid optimism on improving global growth following the victory of Emmanuel Macron as France next President.
- > Despite the National Australia Bank Business survey for April came in as the highest since January of 2008 for the business conditions, the AUD/USD fell below the 0.74 level as the Aussie remained weak on poor performance of base metals along with softer than expected Chinese PMI.
- > The US dollar and the euro barely move this morning versus the rupee as market players had already priced in a victory of the youngest French President since Napoleon, Emmanuel Macron.

Daily Technical View

EUR/USD - The expected Macron win in the French presidential polls did not produce any fireworks at the Asian open this morning as we made a spike to the "Make or break" level of 1.1020 (High 1.1023) before reversing to a session low of 1.0958. However we need to monitor how London and New York will trade this result before confirming the unwinding of the "Macron trade". On the economic side the USD was boosted by an upbeat Payrolls data and if the market focus return to the Fed's rate hike agenda then we may see the pair retrace to nearby support at 1.0930 and to the stronger 1.0850/80 support area. On the upside a break of 1.1020 would target major resistance at 1.1140.

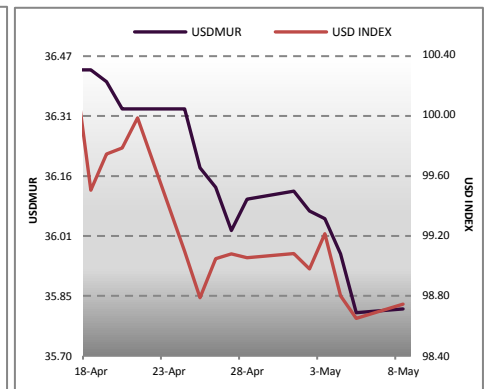
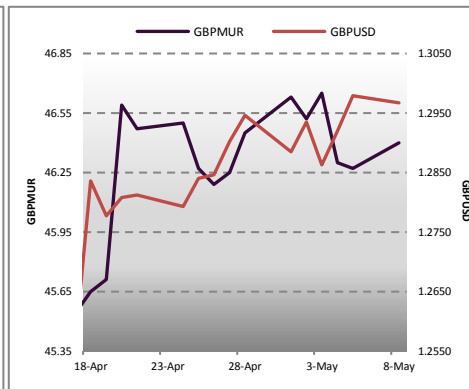
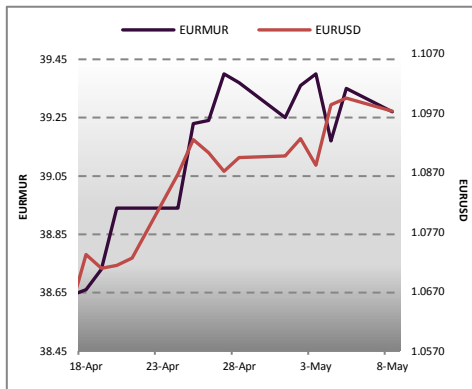
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	25.50	0.07	26.70	0.07
CNYMUR	4.98	-	5.24	-
EURMUR	37.80	(0.07)	39.27	(0.08)
JPYMUR	30.72	(0.15)	32.08	(0.16)
ZARMUR	2.55	0.03	2.67	0.03
USDMUR	34.48	0.01	35.82	0.01
GBPMUR	44.66	0.13	46.40	0.13

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	25.48	25.47	25.45	26.72	26.79	26.87
EURMUR	37.85	38.01	38.21	39.35	39.58	39.90
ZARMUR	2.54	2.51	2.47	2.66	2.64	2.61
USDMUR	34.49	34.52	34.55	35.85	35.94	36.08
GBPMUR	44.70	44.83	44.97	46.47	46.68	46.97



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7403	0.7419	0.7387	0.7408
EURUSD	1.0996	1.1022	1.0958	1.0978
GBPUSD	1.2979	1.2990	1.2950	1.2973
USDJPY	112.97	113.10	112.62	112.81
USDCHF	0.9887	0.9904	0.9869	0.9897
USDCNH	6.90	6.91	6.90	6.91

Major Indices

	Value at Close	Day Change %
DOW JONES	20,951.47	0.26
S&P 500	2,399.29	0.41
FTSE 100	7,297.43	0.68
DAX	12,716.89	0.55
NIKKEI 225*	19,871.87	2.20
HANGSENG*	24,575.23	0.40

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
09-May	09 30	AU	Budget Release	-	-	-	-
10-May	11 00	EU	ECB President Draghi's speech	-	-	-	-
10-May	21 00	NZ	RBNZ Interest Rate decision	-	-	-	-

FIXED INCOME

News

- > Asia sovereign bond yields ticked higher this morning in response to gains for regional stocks and investor perception of lowered risk following the as expected French election outcome. The yield on the 10 year US Treasuries was up one basis point at 2.358 percent.
- > Yield likewise rose 1 basis point to 0.02 per cent for 10-year Japanese government bonds, while the 10-year Australian yield climbed 3 basis points to 2.671 percent.

- > From the auction for Treasury Bills, the Bank of Mauritius received a total of 16 bids from which 4 were accepted for 91-days maturity at the weighted yield of 2.32 percent and nominal value of MUR 439.2 Mio. 3 bids were accepted for 182-days maturity at the weighted yield of 2.48 percent for nominal value of MUR 127.70 Mio while 2 bids only were accepted for 364-days maturity at the weighted yield of 2.45 percent and nominal value of MUR 133.1 Mio.
- > The weighted yield has fallen across all three maturities by 21, 16 and 30 basis points for 91, 182 and 364 days respectively.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
Up to 30 days	2.15	1.70
31 to 60	2.25	1.95
61 to 90	2.35	2.15
91 to 135	2.40	2.20
136 to 180	2.50	2.30
181 to 240	2.52	-
241 to 300	2.54	-
301 to 364	2.55	2.35

Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	2.85	-
3 year	3.45	3.15
4 Year	3.88	-
5 Year	4.15	-
10 Year	5.15	-
15 year	5.95	-
20 Year	6.15	-

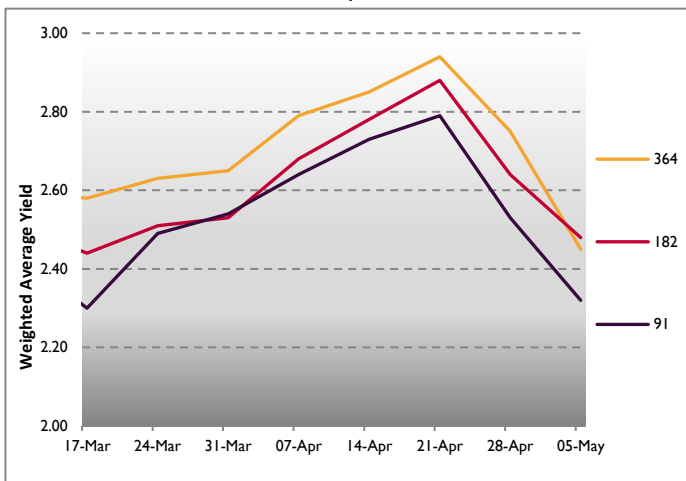
Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	4.00	4.00
Feds Fund Rate	0.75 - 1.00	0.75 - 1.00
BoE Bank Rate	0.25	0.25
ECB Ref. Rate	0.0	0.0
RBA Cash Rate	1.50	1.50

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	1.3303	1.895
UK Bonds	0.143	0.544
German Bonds	-0.669	-0.301

Local Treasury Bills Market



Money Market Rates

LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.409	-0.401	-0.363	-0.269
USD	0.947	0.994	1.180	1.433
GBP	0.237	0.256	0.321	0.469
EURIBOR	-0.380	-0.374	-0.329	-0.248

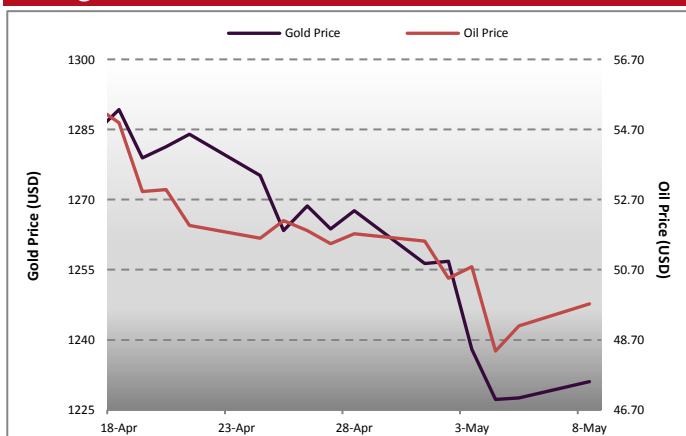
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.204	0.142	0.403	0.775
USD LIBOR - 3m	1.630	1.973	2.159	2.305

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



This commentary is for information only, and the comments and forecasts are intended to be of a general nature, and are current at the date of issue. This document is not intended as an offer, solicitation, or recommendation to buy or sell financial instruments or for any individual investment.

Source: MCB Treasury, Reuters, Bloomberg, Bank of Mauritius

News

- > Spot gold rebounded in Asian trade following French elections after closing USD 38 lower last week on risk-on mood in financial markets.
- > Brent recovered from six-month low on expectation that key producers would extend supply cuts beyond June.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	46.71	(0.13)	49.76	2.61
Gold (\$)	1,231.59	(1.26)	1230.50	3.50