

FOREIGN EXCHANGE MARKET

News

- > The greenback slumped on Wednesday after dovish comments from Federal Reserve officials increased expectations that the Central Bank will pause its pace of interest rate hikes.
- > The EUR and GBP each gained marginally on the US dollar. Despite a disappointing trade data out of Germany and a fall in consumer confidence in France the EUR/USD hit a high of 1.1570 as the greenback weakened across the board.
- > The GBP/USD rose to 1.2791 while the future of Britain remains uncertain, as the government is unlikely to get another deal if the draft bill fails.
- > The USD/JPY retreated to 107.90 on broad-based USD weakness after the release of dovish FOMC minutes.
- > The AUD/USD dropped slightly following the release of a below than forecast China CPI and PPI readings.
- > USD/CAD fell to a one-month low after the Bank of Canada decided to keep its benchmark interest rate unchanged, citing the current trade conflict between the US and Canada and slowing global demand.
- > The Bank of Mauritius published the Dissemination of the Mauritius Exchange Rate Index, depicting a decrease in the MERI 1 from 98.417 in December 18 compared to 99.044 in November 18, a 0.63 percent appreciation in the Rupee.
- > The US Dollar opens 17 cents lower this morning, post FOMC Minutes confirming a guarded approach for the future interest rate hikes.

Daily Technical View

EUR/USD-The EUR spiked to a 3-month high of 1.1570 against the USD after the FOMC minutes confirmed that US policy makers were willing to take a cautious approach to further interest rate hikes. The upside break above 1.1500 has brightened the technical picture and next target is the 200 DMA level at 1.1630 and 1.1695 further out, whereas on the downside 1.1500 and 1.1440 levels are expected to provide support on pull-back.

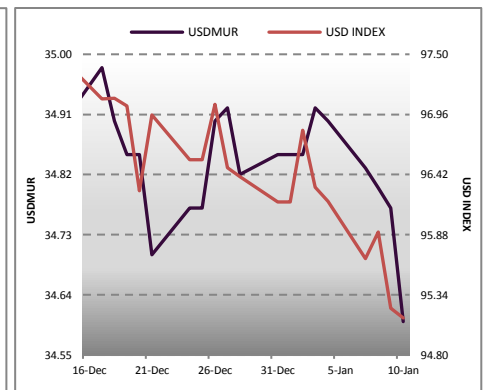
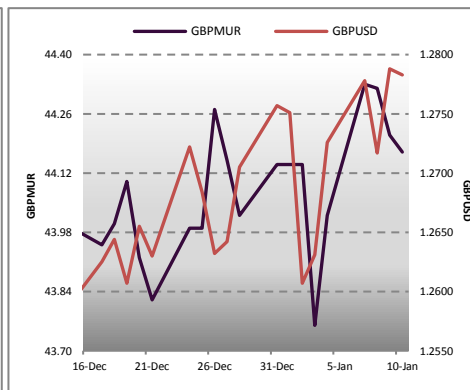
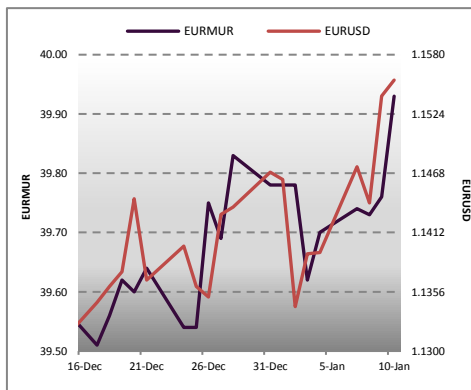
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	24.09	(0.03)	25.05	(0.03)
CNYMUR	4.96	0.01	5.21	0.01
EURMUR	38.77	0.17	39.93	0.17
JPYMUR	30.92	0.14	32.16	0.15
ZARMUR	2.40	0.01	2.52	0.01
USDMUR	33.70	(0.17)	34.60	(0.17)
GBPMUR	42.88	(0.04)	44.17	(0.04)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	24.10	24.11	24.14	25.10	25.16	25.29
EURMUR	38.88	39.10	39.44	40.07	40.35	40.81
ZARMUR	2.39	2.38	2.34	2.51	2.50	2.48
USDMUR	33.72	33.73	33.75	34.64	34.71	34.81
GBPMUR	42.96	43.11	43.34	44.28	44.50	44.85



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7170	0.7187	0.7146	0.7185
EURUSD	1.1540	1.1570	1.1539	1.1555
GBPUSD	1.2787	1.2801	1.2778	1.2783
USDJPY	108.15	108.25	107.83	107.96
USDCHE	0.9743	0.9746	0.9716	0.9733
USDCNH	6.81	6.82	6.79	6.79

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	23,787.45	0.39
S&P 500	2,584.96	0.41
FTSE 100	6,906.63	0.66
DAX	10,893.32	0.83
CAC 40	4,813.58	0.84
NIKKEI 225	20,179.15	(1.21)
HANGSENG	26,409.22	(0.20)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
10-Jan	12 30	EU	ECB Monetary Policy Meeting Accounts	-	-	-	-
10-Jan	13 30	US	Initial Jobless Claims	Jan	-	225K	231K
11-Jan	09 30	UK	Gross Domestic Product (MoM)	Nov	-	0.1%	0.1%
11-Jan	13 30	US	Consumer Price Index ex Food & Energy	Dec	-	2.2%	2.2%

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

- > Minutes from the US Federal Open Market Committee meeting showed that several officials from the rate-setting group had pushed for the central bank to pause its hiking campaign, citing the tepid inflation environment. The minutes also showed officials urging for a more cautious approach when raising rates in 2019, even as they voted to hike the Fed benchmark interest rate in December.
- > The minutes came amid a rush of speakers from the Fed on yesterday, many of whom underlined the central bank's shift to a more dovish tone.
- > Long-dated Treasury yields extended their weeklong advance, with the US 10-year Treasury note at 2.728 percent, while the 30-year bond yield climbed 3.3 basis points to 3.025 percent.

- > On the other hand, the yield for the short-dated two-year note, sensitive to shifting expectations for Fed policy, was down 2.2 basis points to 2.563 percent.
- > The result of the auction held yesterday for the 5.10 percent 5-Year Government of Mauritius Treasury Bonds was as follows: out of 16 bids received, only 7 were successful, with a weighted average yield of 4.90 percent.
- > Tomorrow, the Bank of Mauritius will issue the 364-Day Government of Mauritius Treasury Bills for a nominal amount of Mur 900 Mio as well as the 91-Day and 182-Day Bank of Mauritius Bills for a nominal amount of MUR 1,100 Mio.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	3.15	-
2M	3.25	-
3M	3.36	3.21
4M	3.45	-
6M	3.54	3.39
8M	3.59	-
10M	3.63	-
1Y	3.68	3.53

Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	4.10	3.90
3 year	4.40	4.20
4 Year	4.75	4.55
5 Year	5.10	4.85
10 Year	5.50	5.25
15 year	6.13	5.88
20 Year	6.20	5.95

Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	3.50	3.50
Fed Funds Rate	2.25 - 2.50	2.00 - 2.25
BoE Bank Rate	0.75	0.75
ECB Ref. Rate	0.0	0.0
RBA Cash Rate	1.50	1.50

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	2.5345	2.531
UK Bonds	0.733	0.886
German Bonds	-0.568	-0.311

Money Market Rates

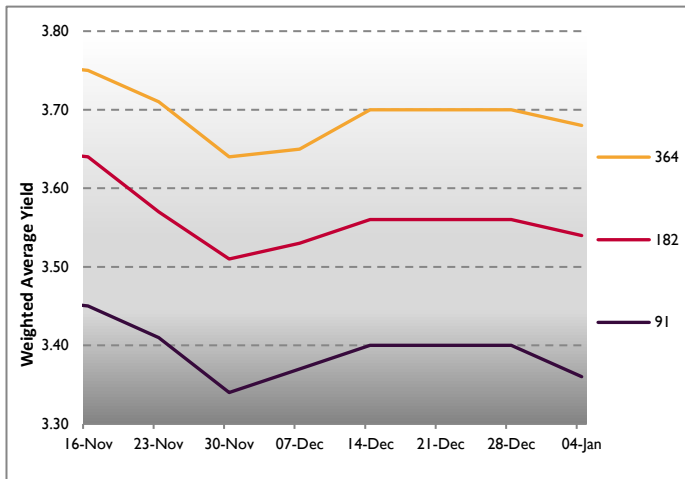
LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.447	-0.422	-0.336	-0.300
USD	2.414	2.519	2.799	2.870
GBP	0.701	0.732	0.904	1.032
EURIBOR	-0.372	-0.363	-0.308	-0.236

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.202	0.168	0.434	0.781
USD LIBOR - 3m	2.685	2.591	2.632	2.706

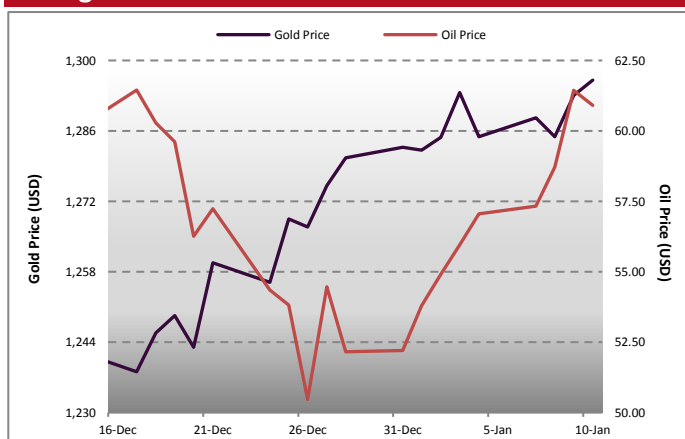
*Pay fixed and receive floating swap

Local Treasury Bills Market



COMMODITIES

Rolling Gold & Oil Prices



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News

- > The oil market got a massive boost yesterday, extending its gains for the eighth session in a row on news that the OPEC kingpin Saudi Arabia has committed to stabilize the market with the country pumping about 800,000 barrels less a day.
- > Oil prices were also pushed higher by more than 5 percent overnight on data release from the US Energy Information Administration which reported a drop of 1.68 million barrels for the week ended Jan 4.
- > Gold rose yesterday and is trading at USD 1,295 this morning after the FOMC released its minutes yesterday which reinforced the market sentiment that the Fed is taking a more patient approach to rate hikes.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	59.27	2.56	60.84	(0.60)
Gold (\$)	1,296.36	3.31	1,289.30	6.10