

FOREIGN EXCHANGE MARKET

News

> The greenback soared on Thursday due to a jump in US Treasury yields and risk aversion ahead of inflation data later today that should guide the Federal Reserve policy tightening path.

> EUR/USD surrendered its initial jump after a hawkish ECB hold and plummeted to 1.0615 from a high of 1.0773. The Central Bank kept interest rates unchanged as expected and intends to raise rates at the July meeting by 25 bps while leaving the door open for a higher increase in September depending on the medium-term inflation outlook.

> GBP/USD failed to build on the positive momentum at the start of the week and retreated towards 1.2500 amid a resurgent USD demand.

> USD/JPY retreated from a 2-decade high of 134.55 as buyers booked profits ahead of the release of US inflation data later today.

> AUDUSD turned sharply lower on Thursday and hit a low of 0.7099 as risk appetite worsened following a hawkish ECB announcement and a fall in industrial metal prices.

> The Canadian dollar fell to a 10-day low against its broadly stronger US counterpart on Thursday, as equity markets slid ahead of the local employment data.

> South African rand edged lower on Thursday, after poor mining and industrial production data dampened investor confidence, and the dollar bounced back ahead of US inflation data.

> The Indian rupee hit a record low of 77.84 against US Dollar on Thursday a day after the Reserve Bank of India raised the key interest rate by 50 basis points, the second increase in five weeks.

> The USD/MUR ends the week at MUR 44.05/USD on the offer, while the EUR/MUR opens at MUR 47.15/EUR, with the single currency trading above the 1.0600 handle.

Daily Technical View

EUR/USD – The shared currency plummeted from a high at 1.0773 to a low at 1.0613 after the European Central Bank disappointed hawkish expectations yesterday's afternoon. The sudden slump has prompted reversal of trend to become bearish short-term and resistance at 1.0665/75 is installed while support at 1.0570 is eyed.

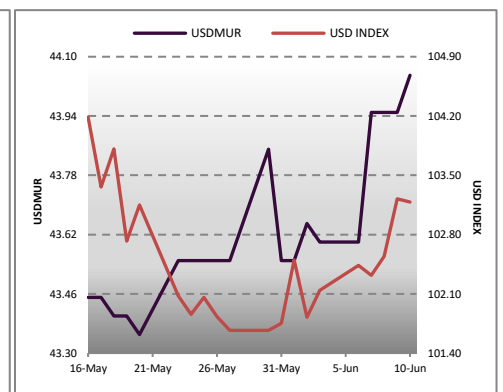
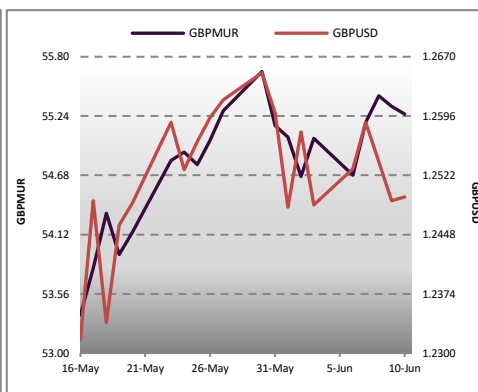
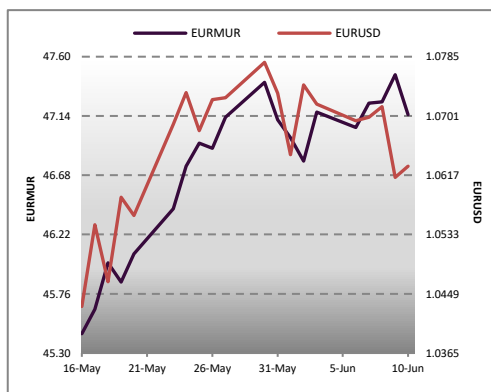
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.49	(0.27)	31.71	(0.28)
CNYMUR	6.43	(0.01)	6.76	(0.01)
EURMUR	45.78	(0.30)	47.15	(0.31)
JPYMUR	31.87	0.07	33.14	0.07
ZARMUR	2.74	(0.03)	2.92	(0.03)
USDMUR	43.15	0.10	44.05	0.10
GBPMUR	53.65	(0.07)	55.26	(0.07)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.47	30.41	30.23	31.71	31.66	31.51
EURMUR	45.82	45.88	45.94	47.20	47.30	47.36
ZARMUR	2.73	2.70	2.68	2.91	2.88	2.87
USDMUR	43.11	43.02	42.81	44.03	43.96	43.79
GBPMUR	53.61	53.52	53.30	55.24	55.17	55.00



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7095	0.7126	0.7086	0.7126
EURUSD	1.0615	1.0642	1.0612	1.0635
GBPUSD	1.2491	1.2517	1.2480	1.2497
USDJPY	134.33	134.47	133.65	133.87
USDCHF	0.9806	0.9809	0.9774	0.9779
USDCNH	6.70	6.70	6.69	6.69

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	32,910.90	(1.94)
S&P 500	4,017.82	(2.38)
FTSE 100	7,476.21	(1.54)
DAX	14,198.80	(1.71)
CAC 40	6,358.46	(1.40)
NIKKEI 225	27,825.97	(1.49)
HANGSENG	21,863.18	(0.03)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
9-Jun	11 45	EU	ECB Interest Rate Decision	-	0.0%	0.0%	0.0%
9-Jun	12 30	US	Initial Jobless Claims	Jun	229K	210K	202K
10-Jun	12 30	US	CPI ex Food & Energy (YoY)	May	-	5.9%	6.2%
10-Jun	12 30	CA	Unemployment Rate	May	-	5.2%	5.2%

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

FIXED INCOME

News

> Treasury yields edged higher on Thursday, led by shorter-end rates, as market participants looked ahead to US inflation data expected later today.

> Most Treasury yields have pushed to the upside this week as investors await the US May consumer-price index reading, with the focus on the outlook for economic growth and further rate hikes as the Federal Reserve attempts to rein in stubborn inflationary pressures.

> Meanwhile, the European Central Bank announced yesterday that it will end monthly asset purchases on July 1 and likely lift key interest rates by a quarter of a percentage point next month as it vowed to bring surging inflation back to target. Policy makers also indicated a half-point hike was likely in September.

> The 2-year US Treasury note yield gained 4.3 basis points to 2.815 percent, the yield on the 10-year Treasury note rose by 1.3 basis points to trade at 3.041percent. The long bond yield dropped less than 1 basis point to trade at 3.169 percent.

> The weighted average yield for the Three-Year Government of Mauritius Treasury Notes was published at 2.81 percent, for a total allocation of MUR 2,800 Mio.

> Today, the Bank of Mauritius will hold the auction for the 182-Day Government of Mauritius Treasury Bills for a nominal amount of MUR 600 Mio as well as the auction for the 91-Day and 364-Day Bank of Mauritius Treasury Bills for a nominal amount of MUR 1,500 Mio.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	0.75	0.60
2M	0.80	0.65
3M	0.85	0.70
4M	0.90	0.75
6M	1.00	0.85
8M	1.05	0.90
10M	1.10	0.95
1Y	1.15	1.00

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Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	2.15	1.95
3 year	2.80	2.60
4 Year	3.00	2.80
5 Year	3.25	3.00
10 Year	4.70	4.45
15 year	5.00	4.75
20 Year	5.30	5.05

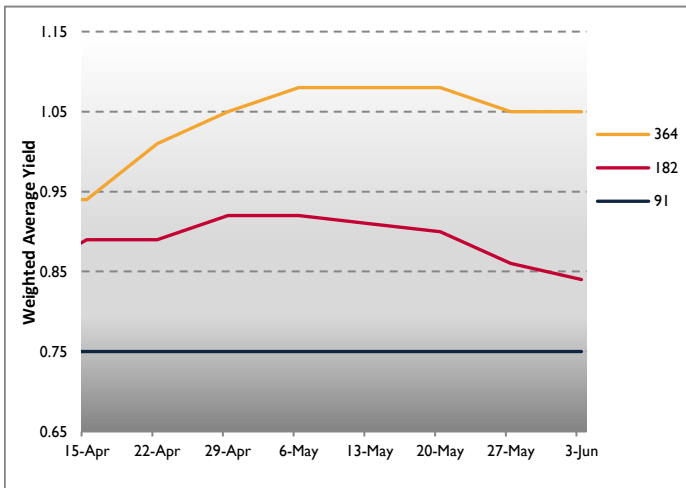
Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	2.25	2.00
Fed Funds Rate	0.75-1.00	0.25 - 0.50
BoE Bank Rate	1.00	0.75
ECB Ref. Rate	0.00	0.00
RBA Cash Rate	0.85	0.35

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	2.8373	3.080
UK Bonds	1.861	1.957
German Bonds	0.864	1.224

Auction Results of Treasury Bills



Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-	-	-	-
USD	-	1.200	1.688	2.266
GBP	-	1.193	1.472	1.956
EURIBOR	-0.575	-0.537	-0.302	-0.034

* LIBOR rates delayed by 48 hours. Source: ICE

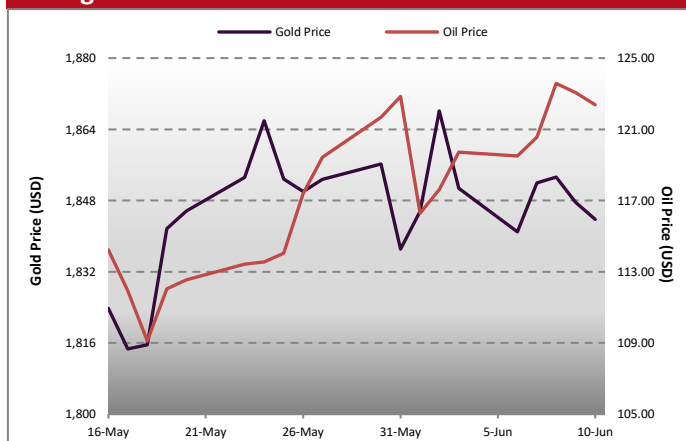
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	1.457	1.859	1.960	2.127
USD LIBOR - 3m	3.198	3.115	3.100	3.109

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



News

> Gold Price is nursing losses below USD 1,850 as traders gear up for the US inflation release, which will provide fresh hints on the Fed's rate hike guidance. Fears that aggressive tightening outlook by major central banks to quell higher inflation could tip the global economy into recession drove US Treasury yields and the dollar higher, weighing on the precious metal.

> Oil prices fell as concerns about new pandemic restrictions in Shanghai outweighed expectation for persistent tight global supply, with high demand for fuel in US and slow rise in OPEC+ crude output. However, both benchmark oil prices remained on track for weekly gains.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	131.46	(0.55)
Gold (\$)	1,845.50	(2.11)

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