

FOREIGN EXCHANGE MARKET

News

> The US dollar erased its gains and fell during the New York hours amid a selloff in US Treasury yields together with profit-taking before rebounding on safe-haven buying due to a fall in US stocks, while the main risk event of the week remains the US CPI on Wednesday.

> EUR/USD held up fairly well, trading above 1.0550, despite risk-off conditions and soft Eurozone Sentix survey data for May ahead of the release of the Germany ZEW survey later in the day.

> GBP/USD remained on the back foot at around 1.2330, the lowest level since June 2020, ahead of the key speech from UK PM Boris Johnson this Tuesday.

> USD/JPY rose earlier on Monday to 131.34, reaching the highest level since 2002. However, the pair later erased its gains and tumbled in tandem with US yields to session lows at 130.13.

> AUD/USD fell below the 0.70 level through trade on Monday amid rising concern for global growth and a broader correction across key commodity prices.

> The Canadian dollar weakened to its lowest level in seventeen months against its US counterpart on Monday, undermined by retreating crude oil prices.

> The South African rand fell on Monday as struggling utility Eskom resumed scheduled power cuts.

> The USD/MUR is flat this morning, trading close to its lowest level this year while the EUR/MUR rebounds to 46.19 on the offer, mainly driven by a higher EUR/USD as the US dollar gives back earlier gains.

Daily Technical View

EUR/USD – The single currency escalated to a high of 1.0592 in the Asian session on improvement in the risk appetite, while markets await for fresh clues from German ZEW sentiment. A dive below support at yesterday's low at 1.0495 would open the door for an accelerated extension downwards, while medium-term bullish momentum would be confirmed if the pair travelled above resistance at 1.0642.

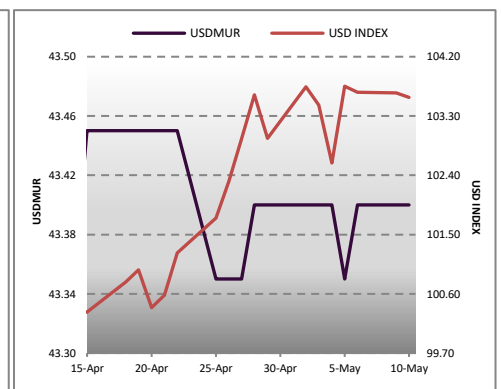
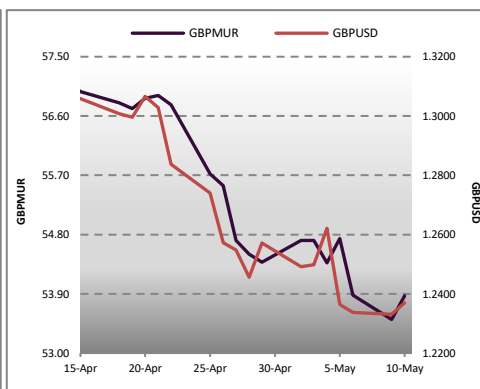
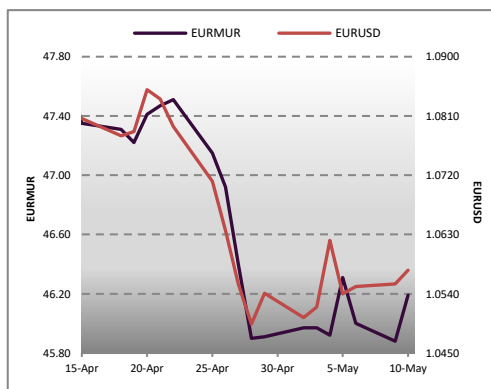
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	29.45	(0.17)	30.63	(0.17)
CNYMUR	6.30	0.01	6.62	0.01
EURMUR	44.84	0.30	46.19	0.31
JPYMUR	32.30	0.17	33.59	0.17
ZARMUR	2.59	-	2.76	-
USDMUR	42.50	-	43.40	-
GBPMUR	52.30	0.35	53.87	0.36

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	29.44	29.39	29.23	30.66	30.69	30.69
EURMUR	44.84	44.81	44.76	46.25	46.38	46.58
ZARMUR	2.57	2.54	2.48	2.76	2.76	2.74
USDMUR	42.46	42.34	42.09	43.41	43.41	43.38
GBPMUR	52.26	52.15	51.90	53.88	53.88	53.87



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.6954	0.6986	0.6912	0.6984
EURUSD	1.0556	1.0580	1.0554	1.0580
GBPUSD	1.2330	1.2375	1.2318	1.2373
USDJPY	130.25	130.57	129.81	130.48
USDCHF	0.9937	0.9940	0.9913	0.9917
USDCNH	6.75	6.78	6.71	6.72

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	32,899.37	(1.99)
S&P 500	3,991.24	(3.20)
FTSE 100	7,216.58	(2.32)
DAX	13,380.67	(2.15)
CAC 40	6,086.02	(2.75)
NIKKEI 225	26,084.25	(0.88)
HANGSENG	19,544.56	(2.29)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
11-May	12 30	US	CPI ex Food & Energy (YoY)	Apr	-	6.0%	6.5%
12-May	06 00	UK	Gross Domestic Product (QoQ) PREL	Q1	-	0.7%	1.3%
12-May	12 30	US	Initial Jobless Claims	May	-	194K	200K
12-May	02 00	CN	Retail Sales (YoY)	Apr	-	-6.0%	-3.5%

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 lower yesterday, after the 10-year US yield briefly broke above 3.20 percent and as investors await another round of inflation data this week.

> Yields have been rising as investors react to inflation running at its hottest in more than four decades and as the Federal Reserve ramps up its efforts to cool price pressures. Last week, the Fed delivered an increase of 50 basis points, or half a percentage point, to the fed-funds rate. It's the largest since 2000.

> Major US stock indexes fell sharply on Monday following a volatile period last week. The Dow industrials, the S&P 500 and Nasdaq Composite all had their longest weekly losing streak in years.

> The yield on the 10-year US Treasury note retreated to 3.08 percent, while the 2-year Treasury yield gave away 7.8 basis points to 2.618 percent. The long bond yield fell by 1.4 basis points to 3.206 percent.

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	0.95	0.80
8M	0.98	0.83
10M	1.01	0.86
1Y	1.05	0.90

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Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	2.15	1.95
3 year	2.55	2.35
4 Year	2.90	2.70
5 Year	3.15	2.90
10 Year	4.45	4.20
15 year	4.55	4.30
20 Year	4.90	4.65

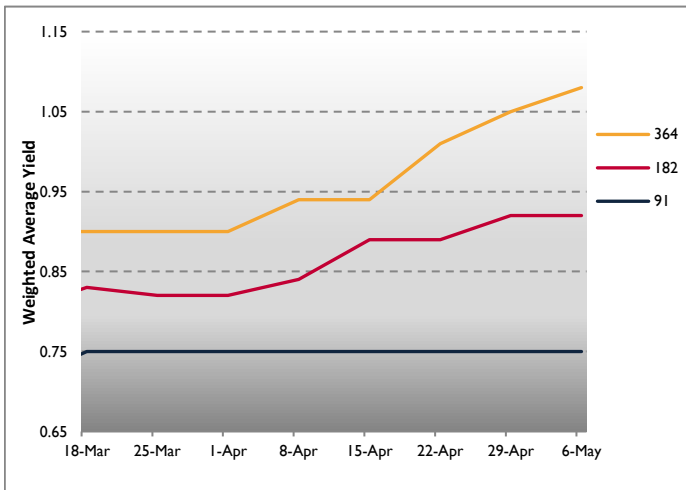
Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	2.00	1.85
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	0.35	0.10

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	2.6165	2.966
UK Bonds	1.383	1.571
German Bonds	0.208	0.754

Auction Results of Treasury Bills



Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-	-	-	-
USD	-	0.842	1.402	1.965
GBP	-	0.973	1.235	1.671
EURIBOR	-0.563	-0.553	-0.426	-0.206

* LIBOR rates delayed by 48 hours. Source: ICE

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	0.965	1.533	1.704	1.930
USD LIBOR - 3m	2.895	3.026	3.067	3.103

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



News

> Oil extended losses this morning during the Asian session, after prices sank about 6 percent on Monday, as continued coronavirus lockdowns in top oil importer China and potential economic disturbances in Europe fueled worries about the oil demand outlook.

> Gold tumbled to multi-day lows of USD 1,852 an ounce on Monday as global economic growth and inflation concerns continue to haunt markets, keeping the safe-haven dollar underpinned. However, the precious metal recouped some of its losses this morning, supported by a pullback in the US Treasury yields.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	107.29	(7.62)
Gold (\$)	1,863.15	9.23

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