

FOREIGN EXCHANGE MARKET

News

- > The US dollar fell broadly on jump in euro and rebound in US equities, ahead of the European Central Bank meeting taking place later in the day. Other than the ECB, the US Senate votes on the fiscal package, Brexit talks in London and the weekly release of the US Initial Jobless Claims will also be watched.
- > EUR/USD rallied to 1.1833 from a 4-week low of 1.1753 following news that some ECB policymakers are confident about economic recovery, potentially reducing the need for more monetary stimulus this year ahead of the meeting.
- > GBP/USD pair tumbled to 1.2884 on Wednesday before bouncing back above 1.30. The UK on Wednesday unveiled draft legislation that increased the possibility of a no-deal Brexit in four months time.
- > AUD/USD extends losses towards 0.7250 this morning, undermined by the Australian political turmoil, with the New South Wales Government threatening withdrawal of support in Parliament.
- > USD/JPY recovered to 106.20 as US Treasury yields and equities turned higher, hence underpinning the pair.
- > The Bank of Canada as widely expected, left interest rates unchanged at 0.25 percent, while continuing with its quantitative easing program.
- > South African rand firmed to 16.6175 per dollar on Wednesday after a sharp fall a day before when data showed the economy contracted by the most on record in the second quarter.
- > The Bank of Mauritius intervened on the domestic foreign exchange market yesterday and sold a total of USD 25 Mio at the ask rate of MUR 39.75/USD. With the intervention, the market sees the USD/MUR opens 10 cents lower this morning to trade at MUR 40.20/USD on the supply side.

Daily Technical View

EUR/USD - The EUR held key support level at 1.1750 (Low 1.1753) and recovered to 1.1833 level, underpinned by a rebound in technology stocks on Wall Street and on news that the ECB might release better-than-expected economic forecasts at its monetary policy meeting due later today. Intra-day trading is expected to be in a 1.1780-1.1860 range ahead of the event and on the wide 1.1700-1.1920.

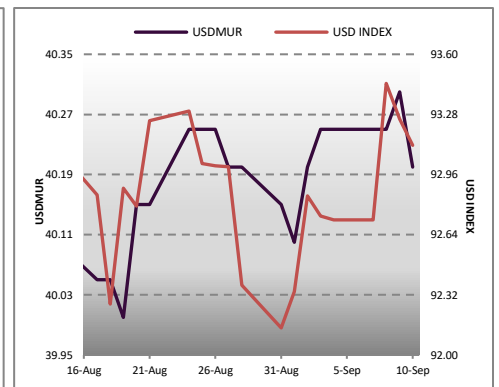
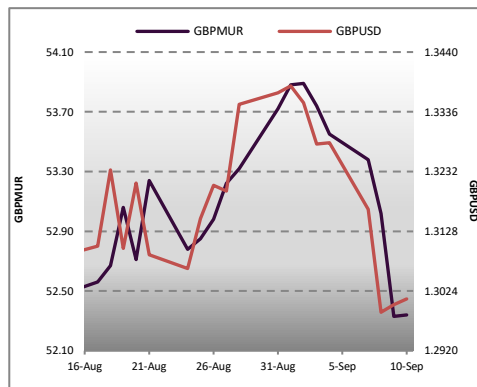
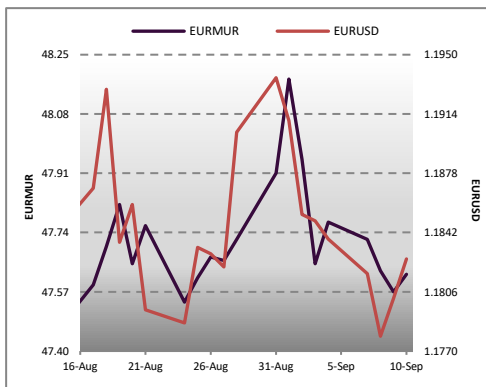
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	28.43	0.13	29.57	0.14
CNYMUR	5.74	-	6.03	-
EURMUR	46.23	0.05	47.62	0.05
JPYMUR	36.66	(0.16)	38.13	(0.16)
ZARMUR	2.32	0.03	2.47	0.03
USDMUR	39.30	(0.10)	40.20	(0.10)
GBPMUR	50.82	0.01	52.34	0.01

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	28.44	28.48	28.54	29.62	29.72	29.88
EURMUR	46.32	46.51	46.78	47.73	47.99	48.38
ZARMUR	2.31	2.29	2.26	2.46	2.45	2.42
USDMUR	39.30	39.31	39.33	40.22	40.28	40.38
GBPMUR	50.86	50.97	51.11	52.41	52.58	52.85



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7281	0.7286	0.7263	0.7278
EURUSD	1.1799	1.1829	1.1801	1.1828
GBPUSD	1.3000	1.3014	1.2977	1.3008
USDJPY	106.19	106.29	106.07	106.14
USDCHF	0.9123	0.9132	0.9108	0.9112
USDCNH	6.83	6.84	6.83	6.84

Major Indices

	Value at Close	Day Change %
DOW JONES	27,500.89	1.60
S&P 500	3,398.96	2.01
FTSE 100	6,012.84	1.39
DAX	13,237.21	2.07
CAC 40	5,042.98	1.40
NIKKEI 225	23,185.81	0.67
HANGSENG	24,517.45	0.20

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
9-Sep	14 00	US	JOLTS Job Openings	Jul	6.618 M	6.000 M	6.001 M
9-Sep	14 00	CA	BoC Interest Rate Decision	-	0.25%	0.25%	0.25%
10-Sep	11 45	EU	ECB Interest rate Decision	-	-	0%	0%
10-Sep	12 30	US	Initial jobless Claims	Aug	-	846K	881K

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

- > US Treasury yields edged higher yesterday, as the sale of USD 35 billion of new 10-year notes struggled to draw sufficient demand. Analysts cited a lack of a concession, a process whereby broker-dealers push yields before the auction to ensure a successful sale. With Treasury auctions being larger than they have ever been, slightly higher yields have been necessary to draw the interest of bond buyers.
- > Yields were initially lower in overnight trading after AstraZeneca reported they had paused the development of its COVID-19 vaccine after one of its trial participants had an unexplained illness. However, they later strengthened as equities recovered, following the Nasdaq Composite correction in the past three days in which it dropped 10 percent drop from a record high.

- > The 10-year USD Treasury note yield gained 2 basis points to peak at 0.702 percent, while the 2-year note rate was virtually unchanged at 0.145 percent. The 30-year bond yield added 3.6 basis points to 1.457 percent.
- > The result of the 364-Day Bank of Mauritius Bills was as follows: for the allocation of MUR 2,500 Mio, although a total amount of MUR 4,450 Mio bids were received, only MUR 150 Mio was successful. The Central Bank, allocated a second tranche of MUR 3,500 Mio and the full amount was attributed to the market. Both allocations held a yield of 1.40 percent, 0.03 percent higher than the last auction.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	0.55	0.40
2M	0.60	0.45
3M	0.65	0.50
4M	0.75	0.60
6M	0.90	0.75
8M	1.10	0.95
10M	1.25	1.10
1Y	1.40	1.25

[Click here to access our Mauritian Bond Market page](#)

Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	1.70	1.50
3 year	1.85	1.65
4 Year	2.00	1.80
5 Year	2.20	1.95
10 Year	2.60	2.35
15 year	2.90	2.65
20 Year	3.20	2.95

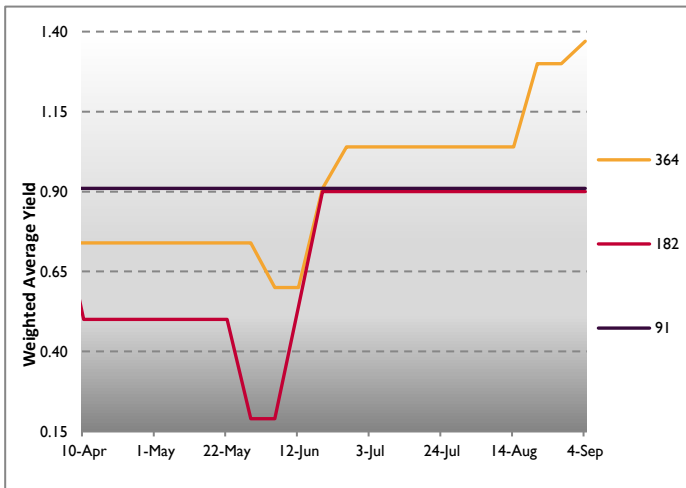
Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	1.85	1.85
Fed Funds Rate	0.00 - 0.25	0.00 - 0.25
BoE Bank Rate	0.10	0.10
ECB Ref. Rate	0.00	0.00
RBA Cash Rate	0.25	0.25

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	0.1449	0.277
UK Bonds	-0.079	-0.054
German Bonds	-0.687	-0.669

Local Treasury Bills Market



Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.554	-0.552	-0.516	-0.498
USD	0.109	0.156	0.250	0.301
GBP	0.056	0.056	0.061	0.105
EURIBOR	-0.536	-0.515	-0.488	-0.459

* LIBOR rates delayed by 48 hours. Source: ICE

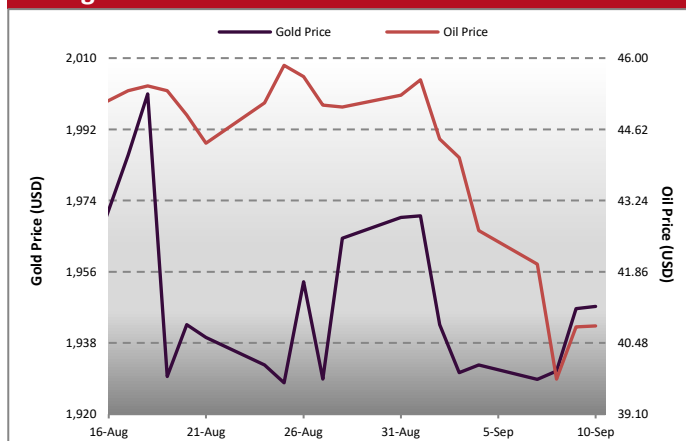
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.503	-0.449	-0.366	-0.218
USD LIBOR - 3m	0.234	0.352	0.505	0.706

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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News

- > Gold prices hit a one-week high on Wednesday as the greenback lost ground against major peers. The precious metal is now held in a tight range, as market participants remain on the sidelines ahead of the ECB monetary policy decision due later in the day.
- > Oil prices gained overnight before retreating in early trade following the release if the API report showing that US crude stockpiles rose by 3 million barrels in the week to September 4, versus a forecasts of 1.4 million barrels drawdown. The US Energy Information Administration will release official weekly inventory data later today.
- > Adding to downward pressure on oil was news that traders would store millions of barrels of crude oil and refined fuels at sea again.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	39.81	1.82
Gold (\$)	1,947.82	1.16