

FOREIGN EXCHANGE MARKET

News

- > The greenback fell against its major counterparts yesterday following comments from the Fed chief Jerome Powell who reiterated that the US Central Bank has the ability to be patient on monetary policy. Markets are now pricing in no further rate hikes by the Fed this year.
- > The single currency initially fell to an intraday low of USD 1.1485 yesterday before recovering to USD 1.1526 this morning in the Asian session after the Federal Reserve Jerome Powell delivered a mixed message on monetary policy.
- > The Australian and New Zealand dollars are expected to end the week on solid gains on a bearish dollar and on news of a new round of talks on the Sino-US trade dispute.
- > The Canadian dollar has held on to its recent gains on Thursday as oil prices traded higher while stock markets gained with Wall Street rising for the fifth straight day.
- > USD/JPY likely to move little ahead of long Tokyo weekend and in the absence of strong data.
- > The South African rand held steady yesterday and was trading at 13.81 at the time of writing.
- > The US Dollar gains 5 cents against the Rupee on the day, having lost 0.51 percent this week while the market will be watching the CPI data expected out of the US later today.

Daily Technical View

EUR/USD-The EUR retreated to a session low of 1.1485 against the USD after Fed's Powell concerns over the continued US government shutdown drove investors towards the safe-haven greenback. In Asia this morning we have bounced to 1.1528 which keeps alive the bullish set-up for another upside try towards 1.1570/1.1625 as long as 1.1475 holds the downside.

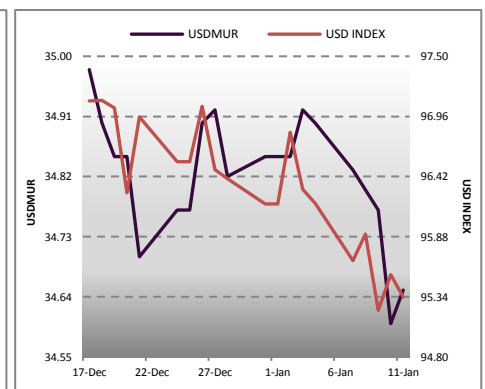
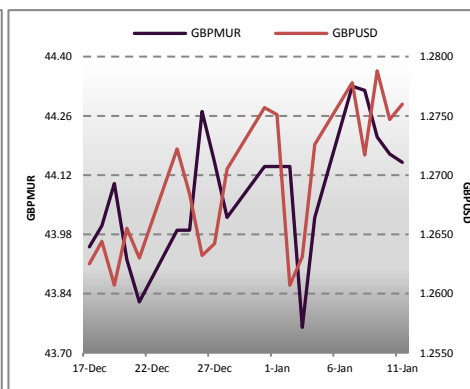
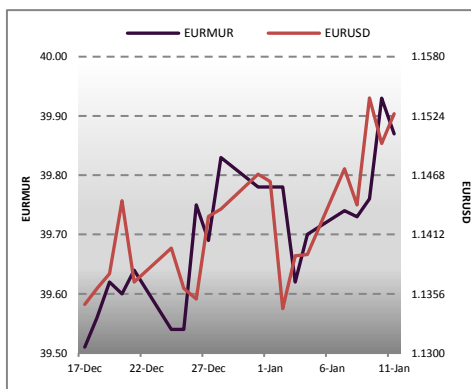
Market Highlights

Indicative Spot Rates

| | Bid | | Offer | |
|--------|-------|--------------|-------|--------------|
| | Today | Change (Rs.) | Today | Change (Rs.) |
| AUDMUR | 24.19 | 0.10 | 25.16 | 0.11 |
| CNYMUR | 5.11 | 0.15 | 5.35 | 0.14 |
| EURMUR | 38.71 | (0.06) | 39.87 | (0.06) |
| JPYMUR | 30.86 | (0.06) | 32.09 | (0.07) |
| ZARMUR | 2.40 | - | 2.52 | - |
| USDMUR | 33.75 | 0.05 | 34.65 | 0.05 |
| GBPMUR | 42.86 | (0.02) | 44.15 | (0.02) |

Indicative Forward Rates

| | Bid | | | Offer | | |
|--------|-------|-------|-------|-------|-------|-------|
| | 1m | 3m | 6m | 1m | 3m | 6m |
| AUDMUR | 24.20 | 24.21 | 24.24 | 25.21 | 25.27 | 25.40 |
| EURMUR | 38.82 | 39.04 | 39.38 | 40.01 | 40.29 | 40.75 |
| ZARMUR | 2.39 | 2.38 | 2.34 | 2.51 | 2.50 | 2.48 |
| USDMUR | 33.77 | 33.78 | 33.80 | 34.69 | 34.76 | 34.86 |
| GBPMUR | 42.94 | 43.09 | 43.32 | 44.26 | 44.48 | 44.83 |



Previous Day Trading Levels

| | Previous Day Trading Levels | | | Today |
|--------|-----------------------------|--------|--------|--------|
| | Opening | High | Low | Latest |
| AUDUSD | 0.7184 | 0.7219 | 0.7183 | 0.7214 |
| EURUSD | 1.1497 | 1.1531 | 1.1496 | 1.1527 |
| GBPUSD | 1.2755 | 1.2768 | 1.2745 | 1.2763 |
| USDJPY | 108.42 | 108.47 | 108.24 | 108.31 |
| USDCHE | 0.9841 | 0.9845 | 0.9825 | 0.9830 |
| USDCNH | 6.79 | 6.80 | 6.74 | 6.75 |

Today

Major Indices

| | Value at Close | Day Change % |
|------------|----------------|--------------|
| DOW JONES | 23,879.12 | 0.51 |
| S&P 500 | 2,596.64 | 0.45 |
| FTSE 100 | 6,942.87 | 0.52 |
| DAX | 10,921.59 | 0.26 |
| CAC 40 | 4,805.66 | (0.16) |
| NIKKEI 225 | 20,350.69 | 0.93 |
| HANGSENG | 26,586.35 | 0.24 |

Major Economic Releases (at GMT)

| Date | Time | Country | Event | Period | Actual | Expected | Prior |
|--------|-------|---------|---------------------------------------|--------|--------|----------|-------|
| 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% |
| 14-Jan | 00 00 | AU | Consumer Inflation Expectation | Jan | - | - | 4% |
| 15-Jan | - | UK | UK Parliamentary vote on Brexit | - | - | - | - |

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

- > The Dollar rebounded after hitting a three-month low, as US Treasury prices erased early gains after a soft 30-year bond auction and as Powell mentioned that the US Central Bank will considerably reduce the size of its balance sheet.
- > The yield on the Two-Year Treasury Note, which moves with expectation for Fed policy, had its biggest one-day jump in almost four years, climbing to 2.488 percent compared with 2.391 percent yesterday.

- > The yield on the benchmark 10-year US Treasury Note settled at 2.731 percent compared to 2.728 percent on Wednesday.
- > Today, 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 | 2.5614 | 2.547 |
| UK Bonds | 0.769 | 0.918 |
| German Bonds | -0.574 | -0.323 |

Money Market Rates

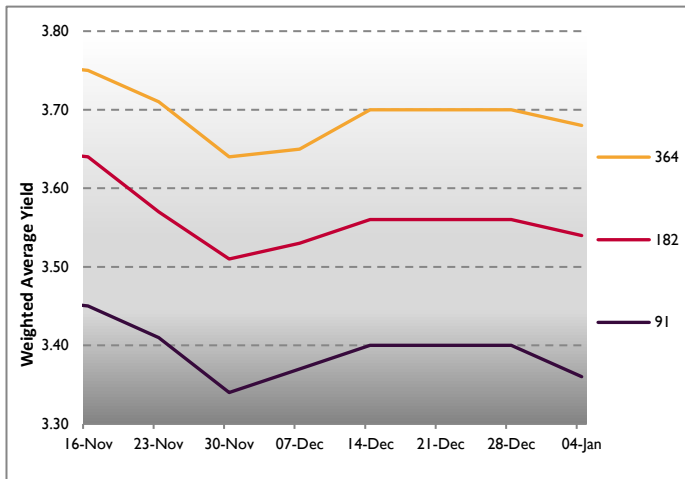
| LIBOR (%) | 1 Week | 1 Month | 3 Months | 6 Months |
|-----------|--------|---------|----------|----------|
| EUR | -0.445 | -0.419 | -0.331 | -0.297 |
| USD | 2.408 | 2.514 | 2.797 | 2.860 |
| GBP | 0.698 | 0.732 | 0.918 | 1.040 |
| EURIBOR | -0.374 | -0.364 | -0.308 | -0.236 |

Indicative Generic Swap Rates* (%)

| Tenor | 2yr | 5yr | 7yr | 10yr |
|----------------|--------|-------|-------|-------|
| EURIBOR - 3m | -0.203 | 0.160 | 0.425 | 0.774 |
| USD LIBOR - 3m | 2.692 | 2.618 | 2.647 | 2.727 |

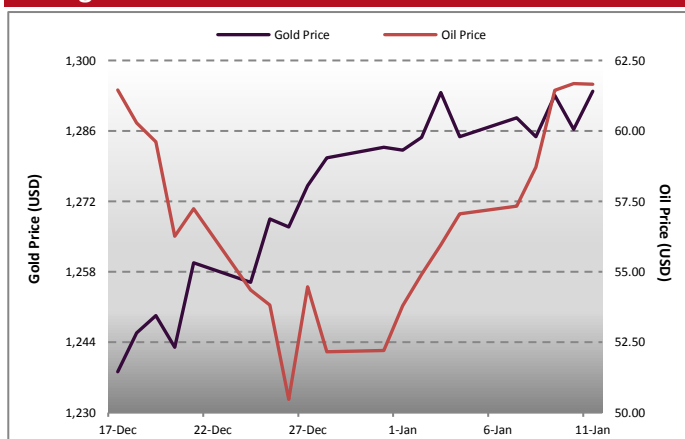
*Pay fixed and receive floating swap

Local Treasury Bills Market



COMMODITIES

Rolling Gold & Oil Prices



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News

- > Oil prices posted minor losses yesterday after US-China trade talks failed to produce a resolution while weak Chinese data dampened risk appetite. Prices later recovered as output cuts by major producers underpinned crude prices and kept markets on track for a strong weekly climb.
- > Gold prices kept steady yesterday as investors awaited remarks from Federal Reserve Chairman Jerome Powell who later stated that the Fed could be "patient" on further policy tightening.

| | Spot Market | | Futures Market | |
|----------------------|-------------|-------------|----------------|-------------|
| | Today | Change (\$) | Today | Change (\$) |
| Brent Crude Oil (\$) | 60.33 | 1.07 | 61.62 | (0.06) |
| Gold (\$) | 1,294.17 | 7.85 | 1,284.70 | (4.60) |