

FOREIGN EXCHANGE MARKET

News

- > The US dollar surrendered some of its gains and ended the day little changed against majority of its peers on Monday. Investors now await US Federal Reserve Chairman Jerome Powell hearing later in the day for fresh clues on the timing and pace of policy normalisation.
- > EUR/USD pair bounced from an intraday low of 1.1286 to trade in the 1.1330 price zone. This Tuesday, ECB President Christine Lagarde is due to offer a speech while focus this week will be mainly on US inflation data.
- > GBP/USD failed to break above 1.3600 on Monday amid US Central Bank rate rise expectations and easing fears about the economic impact of the Omicron variant.
- > USD/JPY turned lower for the fourth successive day and dropped to a one-week low on Monday amid reviving demand for the safe-haven Japanese yen.
- > AUD/USD rallied to 0.7197 this morning, boosted by better-than-expected local retail sales data which surged by 7.3 percent in November, far above forecasts of a 3.9 percent increase.
- > The Canadian dollar edged lower against its US counterpart on Monday as oil prices dipped and the prospect of rising US interest rates weighed on investor sentiment.
- > South African rand slightly weakened on Monday as the dollar strengthened on bets that US inflation data later this week will bolster the argument for the Federal Reserve to raise interest rates.
- > Most majors traded sideways against the Rupee overnight, with the market awaiting an intervention from the Central Bank to alleviate the liquidity pressure.

Daily Technical View

EUR/USD - A choppy Monday session saw the pair trading in a 1.1286-1.1344 range before closing the day almost unchanged at 1.1324 in New York. No change in view, we need to see a break above 1.1385 resistance level for a bullish continuation towards 1.1430/65 area, whereas on the downside, 1.1270 remains the key technical support level.

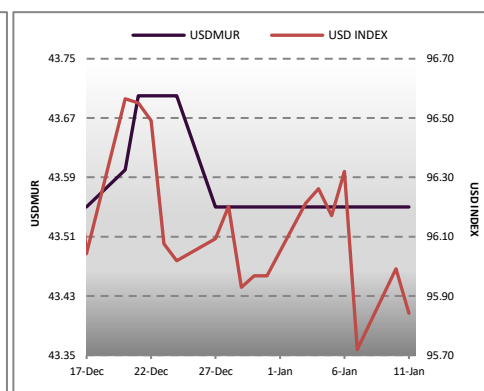
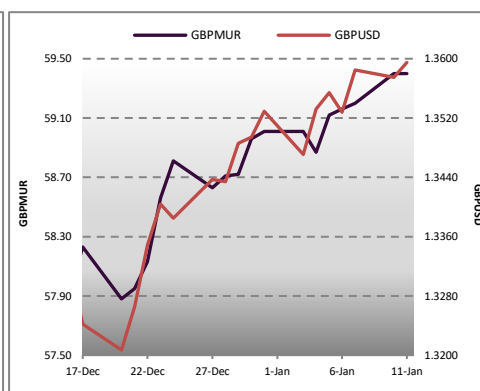
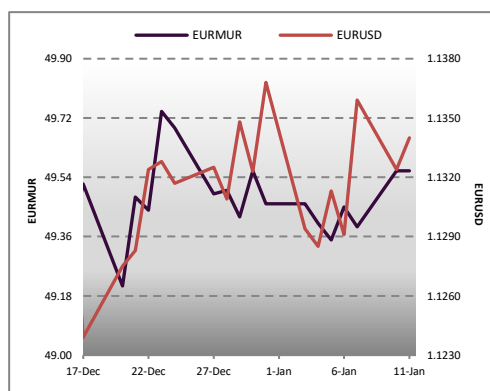
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.49	(0.04)	31.71	(0.04)
CNYMUR	6.68	-	7.02	-
EURMUR	48.12	-	49.56	-
JPYMUR	36.61	0.15	38.07	0.15
ZARMUR	2.68	(0.01)	2.85	(0.01)
USDMUR	42.65	-	43.55	-
GBPMUR	57.67	-	59.40	-

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.48	30.47	30.43	31.74	31.80	31.90
EURMUR	48.12	48.11	48.05	49.62	49.77	49.98
ZARMUR	2.66	2.63	2.57	2.85	2.84	2.83
USDMUR	42.63	42.59	42.44	43.58	43.65	43.73
GBPMUR	57.65	57.60	57.43	59.44	59.51	59.59



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7168	0.7196	0.7169	0.7183
EURUSD	1.1323	1.1344	1.1323	1.1342
GBPUSD	1.3572	1.3600	1.3566	1.3592
USDJPY	115.19	115.38	115.18	115.25
USDCHF	0.9272	0.9278	0.9259	0.9260
USDCNH	6.38	6.38	6.38	6.38

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	36,231.66	(0.45)
S&P 500	4,670.29	(0.14)
FTSE 100	7,445.25	(0.53)
DAX	15,768.27	(1.13)
CAC 40	7,115.77	(1.44)
NIKKEI 225	28,221.89	(0.90)
HANGSENG	23,779.26	0.14

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
11-Jan	00 30	AU	Retail Sales s.a. (MoM)	Nov	7.3%	3.9%	4.9%
12-Jan	01 30	CN	Consumer Price Index (YoY)	Dec	-	1.8%	2.3%
12-Jan	13 30	US	CPI ex Food & Energy (YoY)	Dec	-	5.4%	4.9%
13-Jan	13 30	US	Initial Jobless Claims	Jan	-	210K	207K

FIXED INCOME

News

- > US Treasury yields added to their gains yesterday, with the 2-year and 10-year maturities establishing fresh 52-week highs with modest climbs on the session helping to stoke fresh volatility in equity markets.
- > The tech-heavy Nasdaq Composite Index eked out a slight gain in the final minutes of trading on Monday, after bearing the brunt of a broader stock selloff earlier in the day, while the S&P 500 and Dow industrials extended their losing streaks, with worries about Federal Reserve policy reverberating in financial markets.

- > Traders also are looking ahead to economic updates due out later in the week, including the important consumer-price index and a reading on US retail sales.
- > The 10-year US Treasury note firmed at 1.779 percent, while the 2-year Treasury note rate rose to 0.904 percent. The long bond yield eased to 2.109 percent. The 2-year Treasury established a new 52-week high yield and added to its highest rate since February 27 2020, while the 10-year Treasury note also carved out a 52-week high, adding to the highest yield since January 17 2020.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	0.60	0.45
2M	0.65	0.50
3M	0.70	0.55
4M	0.72	0.57
6M	0.75	0.60
8M	0.78	0.63
10M	0.82	0.67
1Y	0.85	0.70

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Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	1.95	1.75
3 year	2.35	2.15
4 Year	2.70	2.50
5 Year	3.05	2.80
10 Year	4.25	4.00
15 year	4.55	4.30
20 Year	4.85	4.60

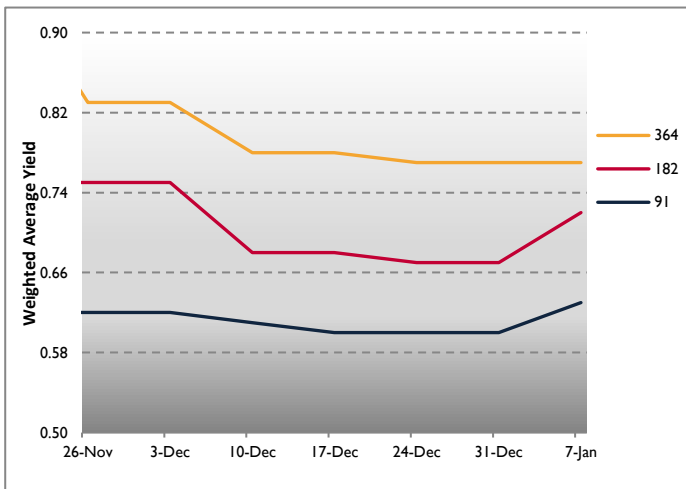
Key Central Bank Rates

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

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	0.9066	1.529
UK Bonds	0.85	1.007
German Bonds	-0.585	-0.368

Auction Results of Treasury Bills



Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-	-	-	-
USD	-	0.105	0.236	0.376
GBP	-	0.252	0.486	0.813
EURIBOR	-0.574	-0.565	-0.576	-0.536

* LIBOR rates delayed by 48 hours. Source: ICE

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.282	0.061	0.180	0.355
USD LIBOR - 3m	1.129	1.637	1.729	1.836

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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

- > Oil prices rose this morning after two days of losses as investors regained some risk appetite with some oil producers continuing their struggle to increase output.
- > Gold is back above the USD 1,800 level despite a continued US Treasury yield surge as markets anticipate quicker rate hikes based on key December US inflation data due later this week.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	83.27	0.24
Gold (\$)	1,809.88	8.47