

FOREIGN EXCHANGE MARKET

News

> The greenback hovered near a two-decade high against major peers ahead of a key reading on inflation that should provide clues on how aggressive the Federal Reserve will be in tightening monetary policy.

> The EUR/USD pair was unable to recover above the 1.0600 threshold and remained trapped in the 1.0500s area for the third consecutive trading session. The outlook about the global economy continues to weigh on market sentiment across financial markets.

> GBP/USD dropped to 1.2291 and printed a fresh daily low as the US dollar turned positive amid risk aversion. In the UK the key report for the week will be on Thursday with Q1 GDP.

> The yen traded little changed at 130.40 per dollar, after dipping to a more than two-decade low of 131.35 on Monday.

> AUD/USD remained around the 0.6950 level on the above-estimated Chinese consumer and producer price inflation data ahead of US inflation release.

> The Canadian dollar weakened to its lowest level in 18 months against its US counterpart on Tuesday as oil prices fell and recent volatility in global equity markets continued.

> South African rand clawed back on Tuesday after domestic power cuts and a stronger US dollar in the previous session pulled down the currency to its weakest level so far this year.

> USD/MUR sees no change overnight, still trading at MUR 43.40/USD on the offer, while the euro shed 18 cents to open at MUR 46.01/EUR.

Daily Technical View

EUR/USD – German ZEW survey released yesterday catalyzed the plunge of the single currency 60 pips down to a low of 1.0525. US and German inflation figures today could pave the way for a directional move from the triangle formation unfolded fortnightly amid the lack of momentum. A break below the 1.0500 handle may push the single currency towards 1.0425, while the pair could possibly test resistance at 1.0640 region, amid reversal of current trend.

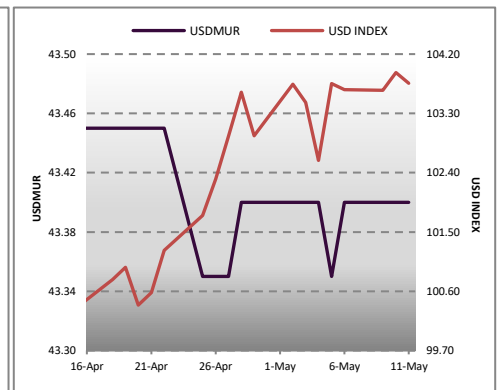
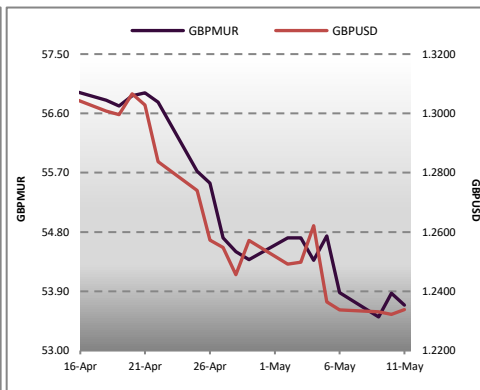
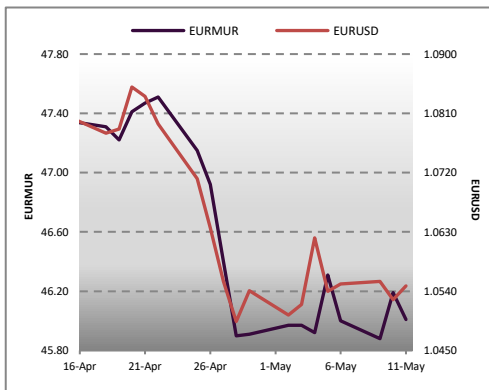
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	29.42	(0.03)	30.60	(0.03)
CNYMUR	6.29	(0.01)	6.61	(0.01)
EURMUR	44.67	(0.17)	46.01	(0.18)
JPYMUR	32.26	(0.04)	33.55	(0.04)
ZARMUR	2.60	0.01	2.77	0.01
USDMUR	42.50	-	43.40	-
GBPMUR	52.13	(0.17)	53.69	(0.18)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	29.41	29.36	29.20	30.63	30.66	30.66
EURMUR	44.67	44.64	44.59	46.07	46.20	46.40
ZARMUR	2.58	2.55	2.49	2.77	2.77	2.75
USDMUR	42.46	42.34	42.09	43.41	43.41	43.38
GBPMUR	52.09	51.98	51.73	53.70	53.70	53.69



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.6935	0.6974	0.6930	0.6975
EURUSD	1.0527	1.0550	1.0527	1.0553
GBPUSD	1.2323	1.2347	1.2306	1.2341
USDJPY	130.44	130.49	130.17	130.18
USDCHF	0.9961	0.9964	0.9934	0.9936
USDCNH	6.74	6.76	6.73	6.74

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	32,245.70	(0.26)
S&P 500	4,001.05	0.25
FTSE 100	7,243.22	0.37
DAX	13,534.74	1.15
CAC 40	6,116.91	0.51
NIKKEI 225	26,236.48	0.27
HANGSENG	19,876.88	1.24

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

> Most Treasury yields retreated yesterday, handing 10- and 30-year rates their biggest two-day declines since March, as buyers came back into the bond market amid a busy day of appearances by Federal Reserve officials.

> Tuesday brought a number of appearances by Federal Reserve officials. New York Fed President John Williams stated that the central bank could bring inflation down while maintaining a strong economy this year. Meanwhile, his colleague, Fed Gov. Christopher Waller declared that it was time to hike interest rates because the economy "can take it." Cleveland Fed President Loretta Mester mentioned that policy makers were not ruling out 75 basis point moves forever.

> The yield on the 10-year US Treasury note dropped 9 basis points to 2.99 percent, while the 2-year Treasury note yield rose less than 1 basis point to 2.623 percent. The yield on the 30-year government paper declined by 7.9 basis points to 3.127 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

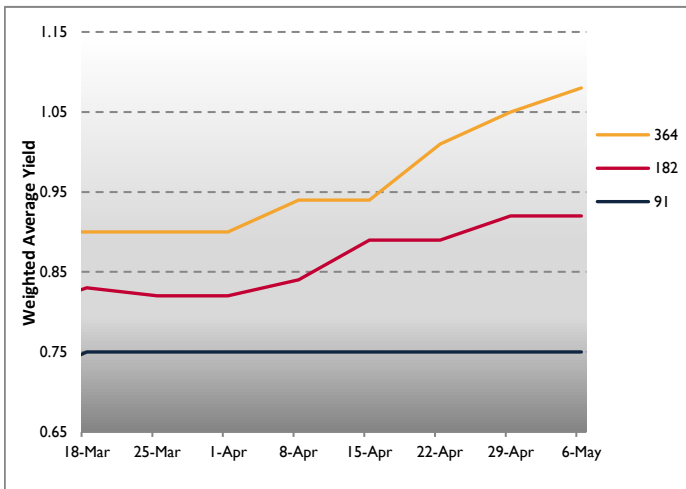
Key Central Bank Rates

	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	2.6084	2.884
UK Bonds	1.331	1.483
German Bonds	0.164	0.694

Auction Results of Treasury Bills



Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-	-	-	-
USD	-	0.844	1.399	1.980
GBP	-	0.974	1.235	1.669
EURIBOR	-0.568	-0.533	-0.402	-0.183

* LIBOR rates delayed by 48 hours. Source: ICE

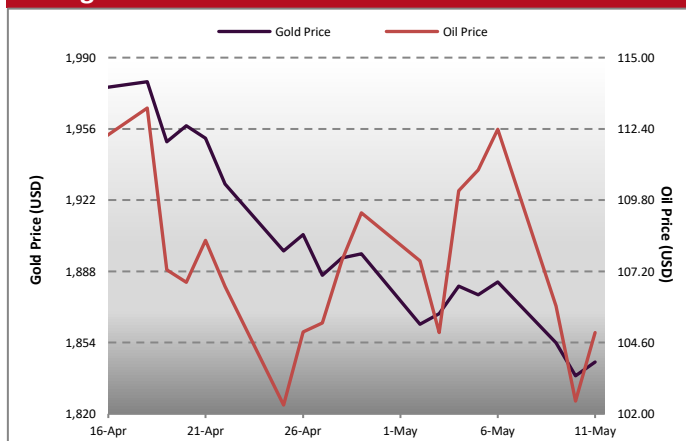
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	0.903	1.463	1.632	1.856
USD LIBOR - 3m	2.890	2.942	2.975	3.018

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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

News

> Oil bounced back from yesterday's declines while investors await US economic data due today. Meanwhile, the American Petroleum Institute reported US crude stockpiles rose by 1.62 million barrels last week.

> Gold extended previous day losses this morning during the Asian session, hitting its lowest level since February 11, as Fed officials reiterated on Tuesday their stance on the aggressive efforts to slow the fastest inflation in 40 years.

	Spot Market	
	Today	Change (\$)
Brent Crude Oil (\$)	104.45	(2.83)
Gold (\$)	1,845.40	7.26