

## FOREIGN EXCHANGE MARKET

### News

- > The greenback edged upward through trade on Thursday on safe-haven buying due to renewed decline in US stocks. The US published initial jobless claims for the week ended September 4, which came in at 884,000, worse than anticipated while focus today will be on the final August inflation figures.
- > The EUR/USD pair soared to 1.1920 after the ECB announced its latest decision on monetary policy, which boosted the shared currency. The ECB left rates and QE unchanged, as widely anticipated, although President Lagarde was mostly optimistic about the economic recovery. However, the pair eased to settle around 1.1810, trimming most of its intraday gains.
- > GBP/USD tumbled to 1.2780 on Thursday, its lowest since last July, amid mounting tensions between the UK and the EU.
- > The USD/JPY pair remained confined to a tight range following the poor performance of equities and Treasury yields while the US Congress has been unable to move on with the coronavirus aid package.
- > AUD/USD consolidates recovery below 0.7300 In Asian trade this morning after Thursday sell-off to 0.7250 level.
- > The Canadian dollar was little changed against the USD on Thursday as oil prices fell.
- > The rand weakened to 16.88 per dollar on Thursday on downbeat data as mining output fell by 9.1 percent in July while manufacturing was down by 10.6 percent.
- > The USD/MUR ends the week at MUR 40.20/USD on the offer, with latest data indicating the market demand is still overpowering the supply of foreign currency on the local market. Despite interventions of USD 50 Mio in total, from the Central Bank over the last two weeks, the market sees demand exceeding supply by nearly USD 7 Mio as at Wednesday.
- > The Pound Sterling sees a 68-cent drop this morning against the local currency on the back of ongoing concerns over Brexit talks and the UK Prime Minister's wish to 'protect' UK internal markets.

### Daily Technical View

EUR/USD - ECB President's comments that they will not be using FX as a monetary policy tool drove EUR/USD higher towards 1.1920 before hitting a low of 1.1810 amidst a dollar resurgence across the board. We open this morning around 1.1835 and immediate resistance lies at 1.1860/70 while 1.1900/20 area should cap any further rallies. To the downside, 1.1780 is intraday support ahead of 1.1740/55.

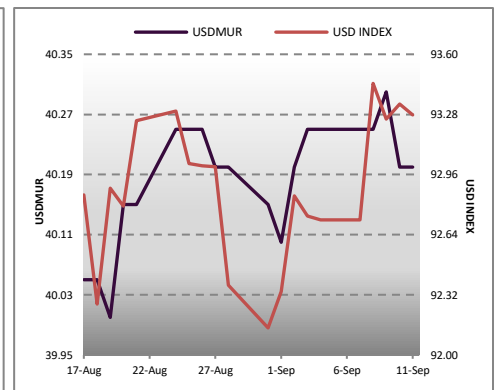
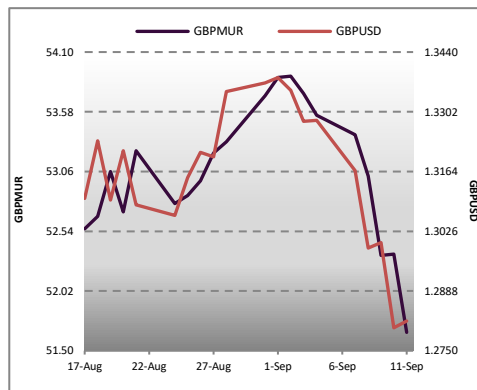
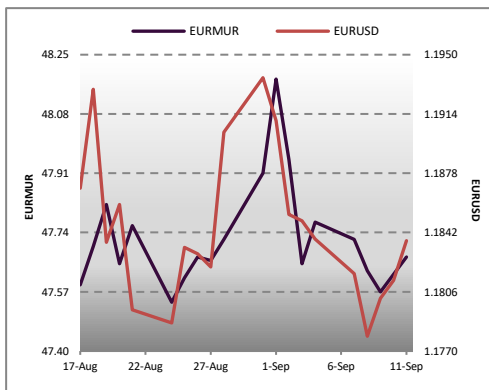
### Market Highlights

#### Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	28.45	0.02	29.59	0.02
CNYMUR	5.74	-	6.03	-
EURMUR	46.28	0.05	47.67	0.05
JPYMUR	36.64	(0.02)	38.11	(0.02)
ZARMUR	2.29	(0.03)	2.44	(0.03)
USDMUR	39.30	-	40.20	-
GBPMUR	50.16	(0.66)	51.66	(0.68)

#### Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	28.46	28.50	28.56	29.64	29.74	29.90
EURMUR	46.37	46.56	46.83	47.78	48.04	48.43
ZARMUR	2.28	2.26	2.23	2.43	2.42	2.39
USDMUR	39.30	39.31	39.33	40.22	40.28	40.38
GBPMUR	50.20	50.31	50.45	51.73	51.90	52.16



#### Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7255	0.7285	0.7252	0.7284
EURUSD	1.1812	1.1841	1.1814	1.1839
GBPUSD	1.2798	1.2830	1.2795	1.2827
USDJPY	106.11	106.20	106.09	106.18
USDCHF	0.9104	0.9108	0.9095	0.9105
USDCNH	6.85	6.85	6.83	6.84

#### Major Indices

	Value at Close	Day Change %
DOW JONES	27,940.47	(1.45)
S&P 500	3,339.19	(1.76)
FTSE 100	6,003.32	(0.16)
DAX	13,208.89	(0.21)
CAC 40	5,023.93	(0.38)
NIKKEI 225	23,362.57	0.55
HANGSENG	24,459.72	0.60

### Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
10-Sep	11 45	EU	ECB Interest rate Decision	-	0%	0%	0%
10-Sep	12 30	US	Initial jobless Claims	Aug	884K	846K	884K
11-Sep	12 30	US	CPI ex Food & Energy (MoM)	Aug	-	0.2%	0.6%
14-Sep	-	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

## FIXED INCOME

### News

- > US Treasury yields traded lower yesterday, as investors managed to take down the last auction of the week, making up for the lack of interest in previous auctions this week.
- > Supply ended up dictating the trading session, with bond buyers digesting a USD 23 billion of US Treasury 30-year bonds in the afternoon.
- > Meanwhile, as expected, the European Central Bank kept its deposit rate at minus 0.5 percent and its refinancing rate at zero percent. It also maintained the size of its monthly net asset purchases at EUR 20 billion.  
The Governing Council announced that it would continue purchases under its EUR 1.35 trillion pandemic emergency purchase program.

- > The 10-year US Treasury note yield weakened to 0.684 percent, after hitting an intraday high of around 0.72 percent, while the 2-year note rate steadied at 0.139 percent. The 30-year bond yield slid to 1.435 percent. The 10-year German government bond yield rose by 3 basis points to negative 0.43 percent.
- > The Bank of Mauritius published the core inflation data yesterday, showing a rise in both the CORE1 and CORE2 inflation by 0.5 percent and 0.6 percent respectively for the year-on-year statistics for the period ending August 2020.

### 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

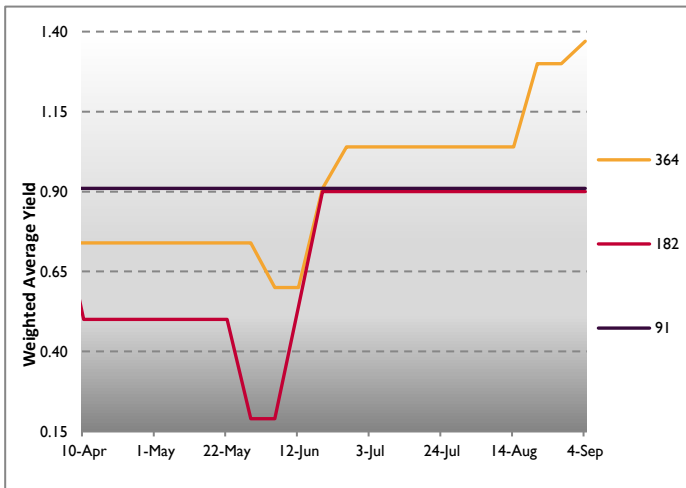
#### Key Central Bank Rates

	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	0.1389	0.271
UK Bonds	-0.089	-0.071
German Bonds	-0.679	-0.665

#### Local Treasury Bills Market



#### Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.559	-0.554	-0.518	-0.497
USD	0.113	0.151	0.250	0.285
GBP	0.060	0.055	0.059	0.093
EURIBOR	-0.540	-0.519	-0.493	-0.463

\* LIBOR rates delayed by 48 hours. Source: ICE

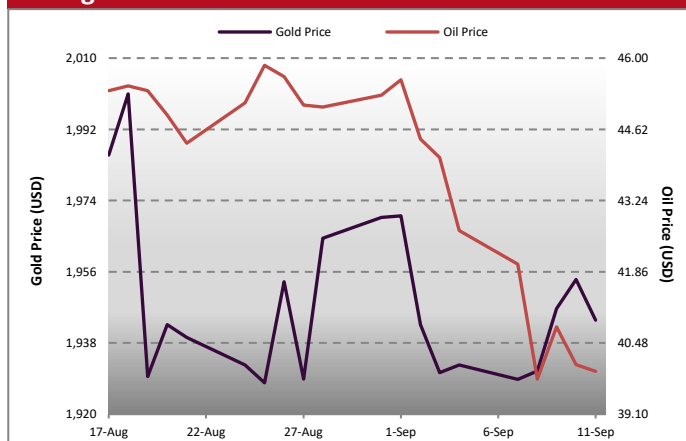
#### Indicative Generic Swap Rates\* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.497	-0.443	-0.368	-0.227
USD LIBOR - 3m	0.233	0.341	0.490	0.695

\*Pay fixed and receive floating swap

## COMMODITIES

### Rolling Gold & Oil Prices



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### News

- > Benchmark oil prices are heading for a second consecutive week of losses after data yesterday showed US stockpiles are on the rise while the second wave of the coronavirus has eroded demand.
- > Gold prices have fallen overnight following the neutral tone from the ECB but sentiment in the yellow metal remains bullish as investors are worried about the global economic recovery.

#### Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	39.51	(0.29)
Gold (\$)	1,944.36	(9.71)