

FOREIGN EXCHANGE MARKET

News

- > The US dollar fell sharply on Tuesday, following comments from US Federal Reserve chief Jerome Powell. In the hearings before the Senate amid his nomination for a second term, the leader of the US Central Bank has not made a clear decision on approaches to reduce the Fed balance sheet.
- > The focus now shifts to US inflation figures, as the country will today publish the December consumer price index.
- > EUR benefitted from broad-based USD weakness and rallied to 1.1374 from 1.1340 on Tuesday as improved risk appetite supported the shared currency despite disappointing Italian sales data.
- > GBP/USD rose to 1.3642 its highest level since November 2021, helped by expectations that the Bank of England will raise interest rates further.
- > USD/JPY recovered to 115.31 from a one-week low of 115.045 at the start of the week.
- > AUD/USD advanced through trade on Tuesday, extending back above the 0.7200 level amid an uptick across commodities.
- > The Canadian dollar gained against its US counterpart boosted by higher oil and commodity prices.
- > South African rand strengthened to around 15.50 per dollar as concerns over US interest rates eased.
- > The USD/MUR remains unchanged, while the EUR/MUR sees a 16-cent hike to open at MUR 49.72/EUR, on the back of the single currency trading above 1.1360 this morning.

Daily Technical View

EUR/USD - Yesterday the EUR traded to a session high of 1.1374 against the USD after Fed's Chairman Powell testimony at his Senate confirmation hearing boosted risk appetite. Intra-day a clear break of key resistance level at 1.1385 would open fresh upside targets at 1.1440/1.1520 levels whereas on the downside 1.1290/1.1320 area is expected to provide support on pull-back.

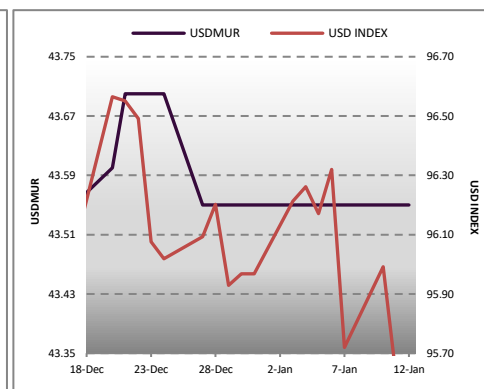
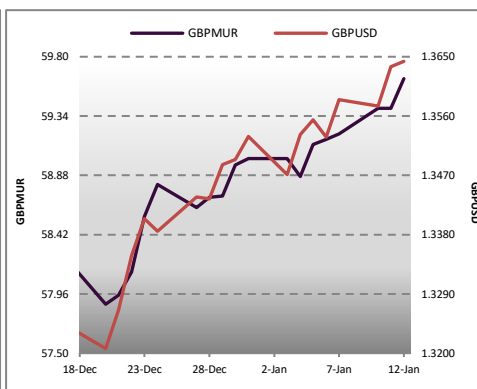
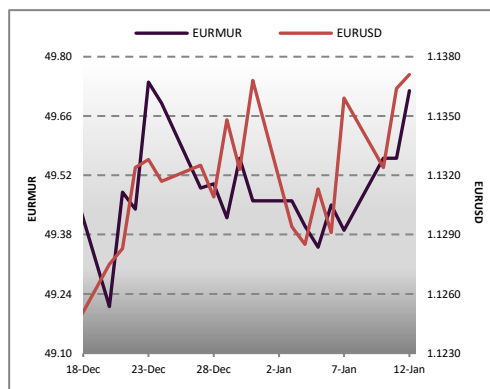
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.63	0.14	31.86	0.15
CNYMUR	6.68	-	7.02	-
EURMUR	48.27	0.15	49.72	0.16
JPYMUR	36.59	(0.02)	38.05	(0.02)
ZARMUR	2.70	0.02	2.88	0.03
USDMUR	42.65	-	43.55	-
GBPMUR	57.89	0.22	59.63	0.23

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.62	30.60	30.57	31.89	31.96	32.05
EURMUR	48.27	48.27	48.22	49.78	49.93	50.15
ZARMUR	2.68	2.65	2.58	2.88	2.87	2.86
USDMUR	42.63	42.59	42.44	43.58	43.65	43.73
GBPMUR	57.87	57.82	57.64	59.67	59.74	59.82



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7210	0.7219	0.7206	0.7222
EURUSD	1.1364	1.1377	1.1365	1.1373
GBPUSD	1.3633	1.3645	1.3629	1.3645
USDJPY	115.29	115.40	115.24	115.34
USDCHF	0.9232	0.9240	0.9232	0.9235
USDCNH	6.38	6.38	6.37	6.37

Major Indices

	Value at Close	Day Change %
DOW JONES	36,068.87	0.51
S&P 500	4,713.07	0.92
FTSE 100	7,491.37	0.62
DAX	15,941.81	1.10
CAC 40	7,183.38	0.95
NIKKEI 225	28,719.01	1.76
HANGSENG	24,368.57	2.65

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	1.5%	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

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, with 10- and 30-year maturities posting their biggest declines in weeks, after Federal Reserve Chairman Jerome Powell assured lawmakers that the Central Bank would do what is needed to combat persistently high inflation.

> The spread between 2- and 10-year yields, along with the gap between 5- and 30-year rates, flattened on signs of lingering economic worries and one part of the yield-curve was threatening to invert.

> In his re-confirmation hearing before Congress, Mr. Powell stated that high inflation would last “well into the middle of this year” and that the omicron variant of the coronavirus that causes COVID-19 might result in a “short-lived” pause in growth. He also told a Senate panel that moving away from the Fed’s current policy stance “should not have negative effects on the labour market,” as lawmakers pressed him on the central bank’s ability to tackle inflation.

> The 10-year US Treasury note yield dropped 3.4 basis points to 1.745 percent, while the 2-year Treasury yield declined to 0.897 percent. The 30-year Treasury bond yield gave away 3.7 basis points to 2.072 percent.

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

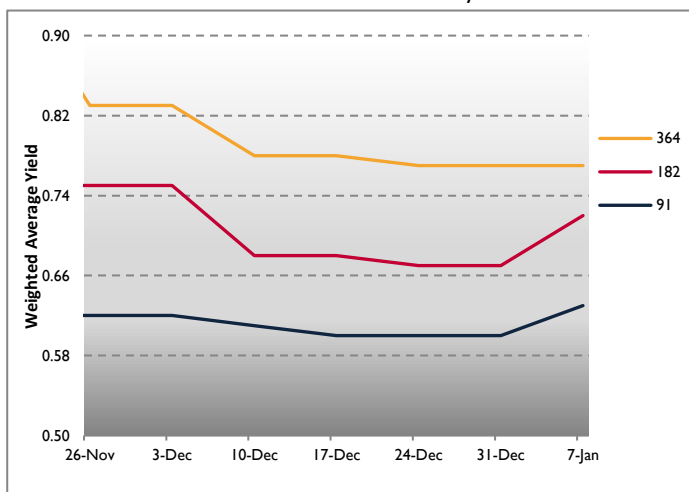
	Bid (%)	Offer (%)
2 year	1.95	1.75
3 year	2.35	2.15
4 Year	2.70	2.50
5 Year	3.05	2.80
10 Year	4.25	4.00
15 year	4.55	4.30
20 Year	4.85	4.60

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	0.8907	1.496
UK Bonds	0.838	1.002
German Bonds	-0.584	-0.363

Auction Results of Treasury Bills

Money Market Rates

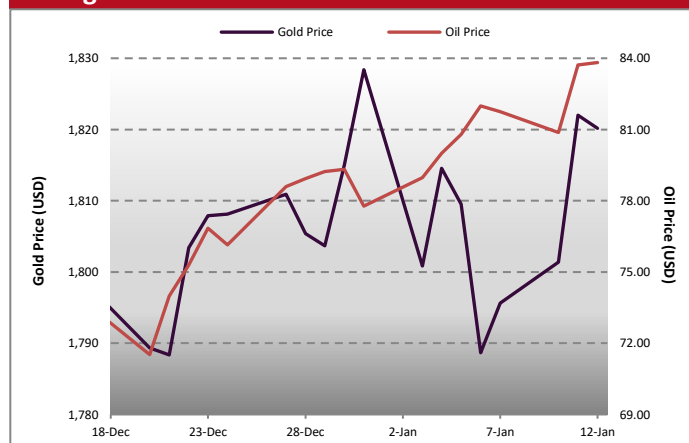
LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-	-	-	-
USD	-	0.105	0.236	0.376
GBP	-	0.252	0.486	0.813
EURIBOR	-0.574	-0.565	-0.576	-0.536

* LIBOR rates delayed by 48 hours. Source: ICE

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.252	0.068	0.190	0.366
USD LIBOR - 3m	1.102	1.591	1.710	1.806

*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 prices rallied after the US Federal Reserve chief signalled the Central Bank may raise rates more slowly than expected, which should support oil demand in the near term.

> The US Energy Information Administration (EIA) boosted its 2022 oil price outlook on Tuesday by nearly USD 5 per barrel from last month but sees those levels falling throughout the year as global supply outpaces demand as from Q2.

> The gold market reacted positively to the less hawkish comments from the Federal Reserve chief Jerome Powell. However, market players remain cautious as they brace for the key US inflation data due today.

	Spot Market	
	Today	Change (\$)
Brent Crude Oil (\$)	86.20	2.94
Gold (\$)	1,822.20	0.19