

FOREIGN EXCHANGE MARKET

News

- > The US Dollar ended the week lower against majority of its peers except the Japanese yen as rebound in global stocks and US yields boosted risk sentiment.
- > The outlook for US inflation and the speed of the Federal Reserve future policy tightening will be back in focus this week ahead of Tuesday consumer price data and Fed Chair Jerome Powell testimony on Wednesday. US retail sales numbers for June are also due while central banks in Japan, Canada and New Zealand will hold their monetary policy meetings.
- > EUR/USD extended gains on Friday and rose to 1.1881 as the market mood improved, with Wall Street posting substantial gains and government bond yields recovering further from fresh multi-month lows, all of which played against the greenback.
- > GBP/USD pair soared above the 1.3900 level despite renewed Brexit concerns, surging covid cases in the UK and downbeat GDP as the risk-on flows remained the main market driver.

- > The yen eased to 110.185, giving back some of its gains against the greenback from Thursday, when it had its biggest daily rise since November.
- > AUD/USD pair staged a solid comeback towards 0.7500 from a fresh 2021 low of 0.7409 underpinned by the return of risk appetite.
- > The CAD strengthened to 1.2465 against the USD boosted by Canadian employment figures, as 230,700 new jobs were added in June, largely surpassing expectations.
- > South African rand firmed to 14.25 per dollar after a soft opening on Friday on the back of a pick-up in commodity prices which increased risk appetite.
- > The Bank of Mauritius intervened on the domestic foreign exchange market on Friday and injected a total of USD 35 Mio at the rate of MUR 42.50/USD.
- > Post intervention, the USD/MUR opens at MUR 42.95/USD on the offer, a 20-cent drop from previous open. The market is expected to remain tight with demand still remaining very strong.

Daily Technical View

EUR/USD - The EUR recovery against the USD reached a session high of 1.1881 on Friday on a rebound in US equities, amid an improvement in market sentiment, thereby denting the greenback safe-haven appeal. Intra-day nearby support is at 1.1780/1.1820 levels and as long as that support area holds we may see further upside probe towards 1.1920 and 1.1980 the key technical resistance level.

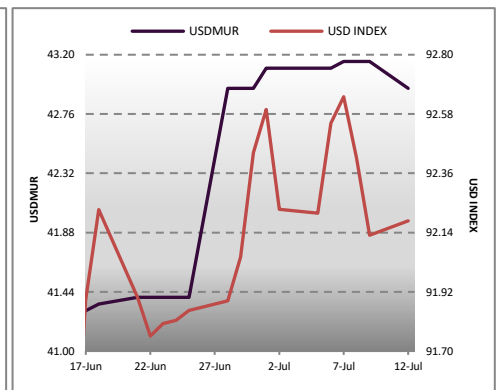
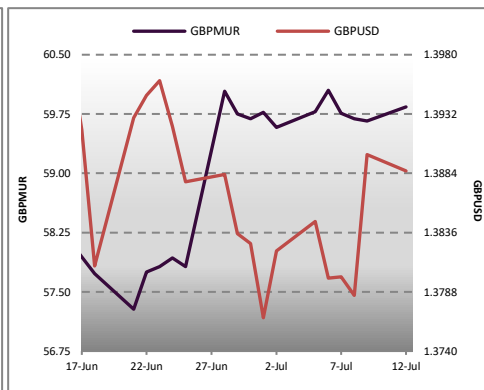
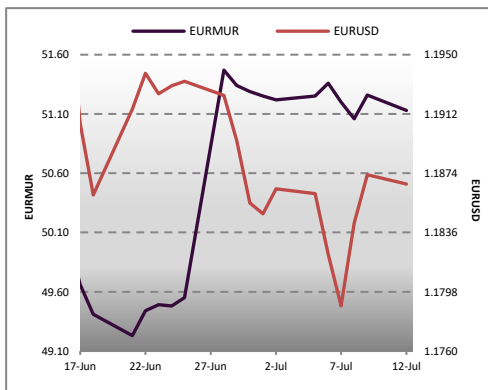
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	31.25	0.04	32.50	0.04
CNYMUR	6.48	(0.02)	6.81	(0.02)
EURMUR	49.64	(0.13)	51.13	(0.13)
JPYMUR	37.80	(0.26)	39.31	(0.27)
ZARMUR	2.89	(0.01)	3.08	(0.01)
USDMUR	42.05	(0.20)	42.95	(0.20)
GBPMUR	58.10	0.18	59.84	0.18

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	31.24	31.23	31.19	32.53	32.60	32.72
EURMUR	49.63	49.61	49.58	51.20	51.34	51.60
ZARMUR	2.87	2.84	2.78	3.08	3.08	3.09
USDMUR	42.04	42.00	41.92	42.98	43.06	43.20
GBPMUR	58.09	58.07	58.00	59.88	59.99	60.20



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7481	0.7493	0.7469	0.7471
EURUSD	1.1870	1.1879	1.1866	1.1869
GBPUSD	1.3900	1.3910	1.3878	1.3886
USDJPY	110.15	110.25	110.02	110.17
USDCHF	0.9145	0.9149	0.9135	0.9147
USDCNH	6.48	6.48	6.47	6.48

Major Indices

	Value at Close	Day Change %
DOW JONES	34,421.93	1.30
S&P 500	4,369.55	1.13
FTSE 100	7,121.88	1.30
DAX	15,687.93	1.73
CAC 40	6,529.42	2.07
NIKKEI 225	28,542.81	2.16
HANGSENG	27,507.30	0.60

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
9-Jul	06 00	UK	Gross Domestic Product (MoM)	May	0.8%	1.7%	2.3%
9-Jul	12 30	CA	Unemployment Rate	Jun	7.8%	7.7%	8.2%
13-Jul	06 00	DE	Harmonized Index of Consumer Prices	Jun	-	-	2.1%
13-Jul	12 30	US	CPI ex Food & Energy (YoY)	Jun	-	-	3.8%

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

> Yields for long-dated US government debt rose on Friday for the first time in five sessions, as a rally that took the 10-year and 30-year Treasuries to yield lows not seen since February took a breather.

> Friday's pullback chipped away at what has mostly been a steady, two-week drumbeat lower for US government debt yields. Sliding US Treasury yields accelerated in the holiday-shortened week of trading, spooking equity investors briefly, due to the belief that the downtrend reflected concerns that economic growth may be peaking.

> The 10-year US Treasury note yield peaked at 1.354 percent, while the long bond yield firmed to 1.979 percent. The 2-year Treasury note yield stood at 0.215 percent, versus 0.192 percent on Thursday.

> The result of the 364-Day Government of Mauritius Treasury Bills was as follows: the yield published for the security was at 1.02 percent with the bid to cover ratio at 3.1.

> As for the 91-Day and 182-Day Bank of Mauritius Treasury Bills, the weighted average yields were published at 0.65 percent and 0.87 percent respectively.

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	0.80	0.65
6M	0.90	0.75
8M	0.95	0.80
10M	1.00	0.85
1Y	1.05	0.90

Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	2.00	1.80
3 year	2.45	2.25
4 Year	2.75	2.55
5 Year	3.05	2.80
10 Year	4.40	4.15
15 year	4.65	4.40
20 Year	4.90	4.65

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	0.10	0.10

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	0.2147	0.782
UK Bonds	0.097	0.306
German Bonds	-0.667	-0.596

Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.583	-0.575	-0.552	-0.527
USD	0.090	0.100	0.129	0.151
GBP	0.042	0.053	0.077	0.102
EURIBOR	-0.564	-0.552	-0.543	-0.514

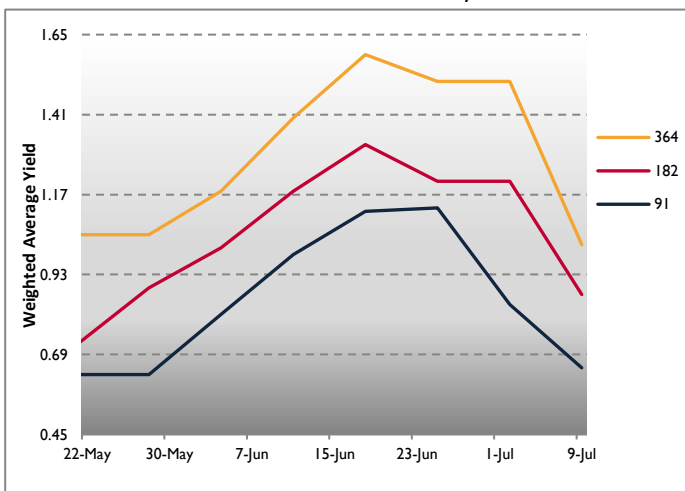
* LIBOR rates delayed by 48 hours. Source: ICE

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.475	-0.345	-0.216	-0.017
USD LIBOR - 3m	0.312	0.880	1.123	1.352

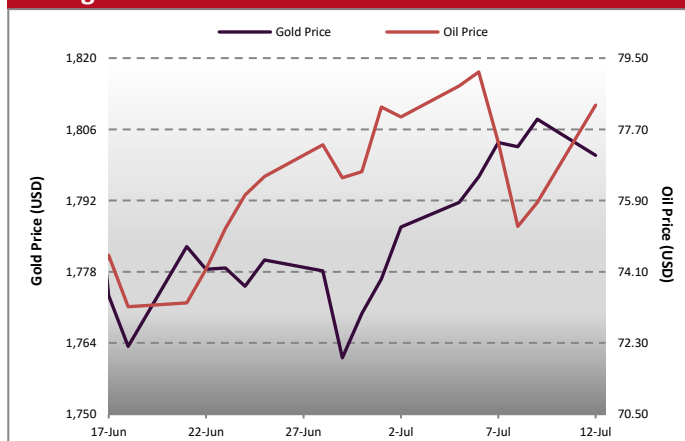
*Pay fixed and receive floating swap

Auction Results of Treasury Bills



COMMODITIES

Rolling Gold & Oil Prices



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

News

> Gold prices continue to be supported by rising worries over the fast spreading of the Delta variant, lower US Treasury yields and the slower pace of the economic recovery.

> Traders will now be shifting their focus on this week US CPI data and the Fed Chair Jerome Powell's testimony for fresh cues on Fed's next policy move.

> Uncertainty has encircled the market in the wake of OPEC's stalemate over future production increases. Oil prices were little changed in early Asian trade this morning as supplies remain tight, offsetting concerns about coronavirus impact on the global economy.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	78.32	2.47
Gold (\$)	1,801.74	(6.24)