

FOREIGN EXCHANGE MARKET

News

- > The greenback ended mixed on Tuesday as investors await Group of 20 summit later this month on optimism that United States and China will make progress on trade talks.
- > The EUR/USD was steady trading around 1.1325 not far from the three-month peak of 1.1348 scaled on Friday. This Wednesday, the main economic events will be a speech from ECB President, Mario Draghi, and the US consumer price index for May.
- > The pound rallied to 1.2728 against the USD on upbeat UK jobs data which showed that wages in the three months to April grew faster than expected and hiring slowed less sharply, as the jobless rate held at its lowest rate since 1975.
- > The USD/JPY initially edged higher to a 1-day high of 108.80 before falling to 108.43 on retreat in US Treasury yields.
- > The AUD/USD pair remains on the back foot as Chinese CPI ticked higher in May and the Aussie dollar seems to brush aside record iron ore prices.
- > A decline in crude oil prices and a reversal in equity prices in Wall Street opened the door for USD/CAD to surge above 1.3300 yesterday.
- > South African rand gained against the greenback as cooling trade war worries and much larger than expected growth in local manufacturing boosted the currency.
- > The US dollar sheds 5 cents this morning against the local currency, with the inflation data expected out of the US later today.

Daily Technical View

EUR/USD - A quiet session yesterday saw the pair shuffling in a tight 1.1300-1.1335 range but as the single currency closed near the high of the range at 1.1330 this bodes well for further upside towards technical resistance at 1.1365. On the downside 1.1265 is key support level which is expected to hold the pull-back for a short-term target of 1.1450.

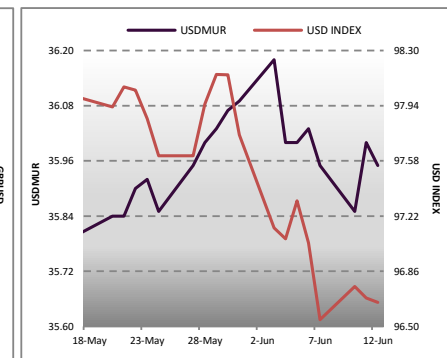
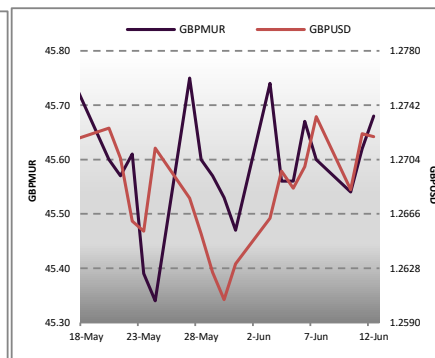
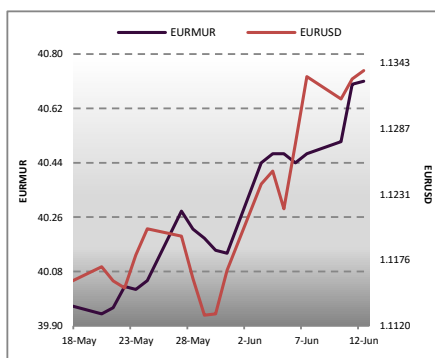
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	24.23	(0.07)	25.20	(0.07)
CNYMUR	5.05	(0.01)	5.31	(0.01)
EURMUR	39.52	0.01	40.71	0.01
JPYMUR	31.99	(0.01)	33.27	(0.01)
ZARMUR	2.36	0.02	2.48	0.02
USDMUR	35.05	(0.05)	35.95	(0.05)
GBPMUR	44.35	0.06	45.68	0.06

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	24.25	24.28	24.35	25.25	25.34	25.51
EURMUR	39.61	39.81	40.14	40.83	41.10	41.54
ZARMUR	2.35	2.33	2.30	2.47	2.46	2.44
USDMUR	35.05	35.05	35.08	35.97	36.03	36.15
GBPMUR	44.41	44.55	44.77	45.77	45.98	46.32



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.6961	0.6963	0.6944	0.6946
EURUSD	1.1324	1.1339	1.1327	1.1339
GBPUSD	1.2722	1.2730	1.2716	1.2726
USDJPY	108.50	108.57	108.34	108.34
USDCHF	0.9922	0.9927	0.9908	0.9910
USDCNH	6.92	6.93	6.92	6.93

Major Indices

	Value at Close	Day Change %
DOW JONES	26,062.68	(0.05)
S&P 500	2,885.72	(0.03)
FTSE 100	7,398.45	0.31
DAX	12,155.81	0.92
CAC 40	5,408.45	0.48
NIKKEI 225	21,175.37	(0.14)
HANGSENG	27,319.93	(1.69)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
11-Jun	08 30	UK	Average Earnings ex Bonus (3Mo/Yr)	Apr	3.4%	3.1%	3.3%
11-Jun	12 30	US	Producer Price Index ex Food & Energy	May	2.3%	2.3%	2.4%
12-Jun	12 30	US	Consumer Price Index ex Food & Energy	May	-	2.1%	2.1%
13-Jun	01 30	AU	Unemployment Rate s.a.	May	-	5.1%	5.2%

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

- > Treasury yields fell from their session highs yesterday, after US equities gave back ground even as China announced that it would launch fiscal stimulus measures to spur infrastructure spending across the second largest economy in the world.
- > The Chinese state news agency Xinhua stated that local governments and financial institutions should make use of special bonds to ramp up infrastructure investment throughout the country. Investors have looked towards the Chinese stimulus to reflate an anemic global economy even as Beijing attempts to navigate a simmering trade spat with the US.

- > The 10-year US Treasury note yield virtually unchanged at 2.140 percent, after touching an intraday peak of 2.177 percent, while the 2-year note yield gained 2.2 basis points to 1.922 percent.
- > Following the auction held by the Bank of Mauritius yesterday for the 91-Day, 182-Day and 364-Day Government of Mauritius Treasury certificates, the yields were published at 2.18 percent, 2.47 percent and 2.67 percent respectively.
- > Today, the Bank of Mauritius will hold the auction for the Re-opening of the 4.42 percent benchmark Five-Year Government of Mauritius Bonds for a nominal amount of MUR 1,500Mio.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	2.05	-
2M	2.15	-
3M	2.25	2.10
4M	2.40	-
6M	2.50	2.35
8M	2.58	-
10M	2.65	-
1Y	2.75	2.60

[Click here to access our Mauritian Bond Market page](#)

Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	3.00	2.80
3 year	3.25	3.05
4 Year	3.45	3.25
5 Year	3.80	3.55
10 Year	4.50	4.25
15 year	5.20	4.95
20 Year	5.95	5.70

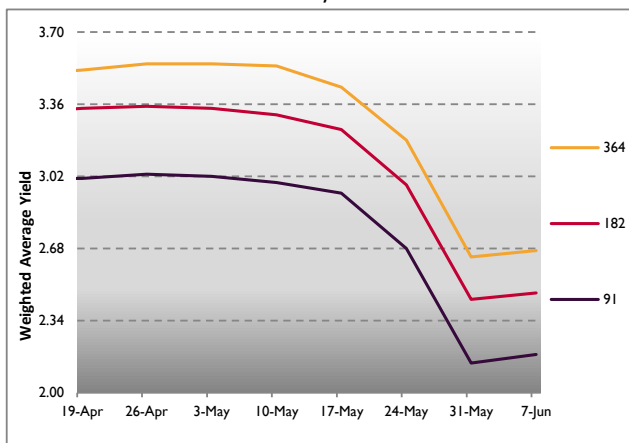
Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	3.50	3.50
Fed Funds Rate	2.25 - 2.50	2.25 - 2.50
BoE Bank Rate	0.75	0.75
ECB Ref. Rate	0.0	0.0
RBA Cash Rate	1.50	1.50

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	1.9009	1.891
UK Bonds	0.58	0.623
German Bonds	-0.666	-0.597

Local Treasury Bills Market



Money Market Rates

LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.445	-0.418	-0.364	-0.326
USD	2.376	2.411	2.450	2.352
GBP	0.693	0.725	0.788	0.870
EURIBOR	-0.391	-0.377	-0.318	-0.258

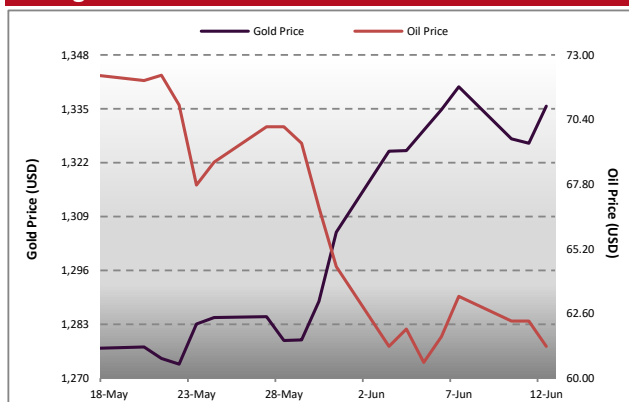
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.370	-0.213	-0.047	0.219
USD LIBOR - 3m	1.932	1.887	1.979	2.087

*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 fell more than 1 percent in Asia as the Energy Information Administration lowered its 2019 world oil demand growth forecast by 160,000 barrels per day (bpd) to 1.22 million bpd and its US crude production forecast by 140,000 bpd to 12.32 million bpd. In addition, another surprise increase in US crude stockpiles also kept oil prices under pressure.
- > Renewed trade tensions between the US and China kept gold prices in check yesterday as Donald Trump threatened further tariffs if no progress is made with President Xi at the G20 later this month.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	65.02	(0.74)	61.23	(1.06)
Gold (\$)	1,336.33	9.67	1,331.20	4.80