

FOREIGN EXCHANGE MARKET

News

> The greenback ended the day higher against majority of its peers on Wednesday as the release of hot US inflation data cemented speculation that the Federal Reserve would stick to their aggressive monetary policy stance. The CPI came in at 8.3 percent YoY, slightly below the previous 8.5 percent, but higher than the 8.1 percent expected.

> EUR/USD gained to 1.0575 in early trade on Wednesday as the ECB firmed up expectations that it will raise interest rates in July for the first time in more than a decade. However, the pair later fell sharply to an intra-day low at 1.0496 after the release of US inflation data.

> GBP/USD plunged to the 1.2240 price zone, its lowest since May 2020. The Pound was hit by Brexit woes as the EU announced it would suspend its post-Brexit trade deal with the UK if the UK unilaterally revokes the Northern Ireland Protocol.

> USD/JPY weakened to 129.50 amid downbeat yields ahead of the US jobless claims and monthly producer price index.

> AUD/USD remained pressured around the lowest level since June 2020, even as Australia's consumer inflation expectations for May rose past forecasts.

> The Canadian dollar strengthened against its US counterpart on Wednesday as oil prices rallied, but gains for the currency were limited by investor nervousness about the global economic outlook.

> The rand firmed slightly on Wednesday while South Africa Reserve Bank has a rate-setting meeting next week and is expected to tighten policy.

> US dollar firms against the local currency this morning, opening at MUR 43.50/USD on the offer as the EUR/USD pair is edging closer to the 1.05 level.

Daily Technical View

EUR/USD – A roller-coaster ride registered for the single currency between 1.0577 and 1.0496, on the back of mighty dollar, after the US annual consumer price index printed at 8.3 percent. Support still holds near Fibonacci area at 1.0425 if bearish momentum continues to extend. A U-turn of current trend could see resistance lowered near 1.0592.

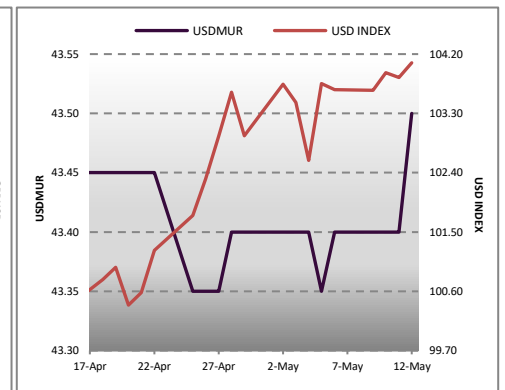
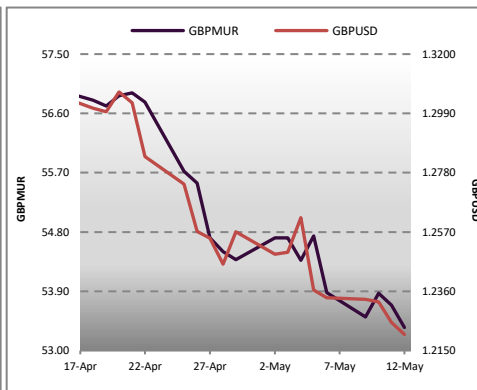
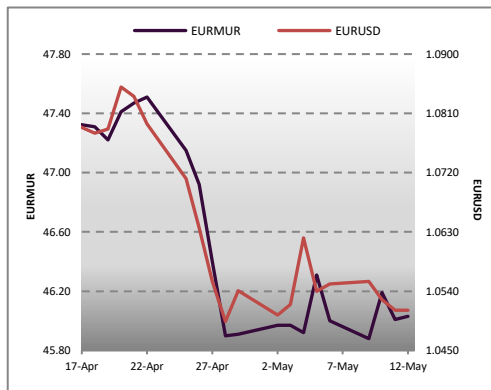
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	29.29	(0.13)	30.46	(0.14)
CNYMUR	6.27	(0.02)	6.59	(0.02)
EURMUR	44.69	0.02	46.03	0.02
JPYMUR	32.49	0.23	33.79	0.24
ZARMUR	2.59	(0.01)	2.76	(0.01)
USDMUR	42.60	0.10	43.50	0.10
GBPMUR	51.80	(0.33)	53.35	(0.34)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	29.28	29.23	29.07	30.49	30.52	30.52
EURMUR	44.69	44.66	44.61	46.09	46.22	46.42
ZARMUR	2.57	2.54	2.48	2.76	2.76	2.74
USDMUR	42.56	42.44	42.18	43.51	43.51	43.48
GBPMUR	51.76	51.65	51.40	53.36	53.36	53.35



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.6937	0.6953	0.6874	0.6888
EURUSD	1.0510	1.0529	1.0444	1.0464
GBPUSD	1.2259	1.2260	1.2181	1.2198
USDJPY	129.88	130.05	128.91	129.10
USDCHF	0.9942	0.9969	0.9933	0.9964
USDCNH	6.76	6.81	6.76	6.81

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	32,160.74	(1.02)
S&P 500	3,935.18	(1.65)
FTSE 100	7,186.09	(2.20)
DAX	13,828.64	2.17
CAC 40	6,269.73	2.50
NIKKEI 225	25,767.61	(1.70)
HANGSENG	19,411.76	(2.08)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
11-May	12 30	US	CPI ex Food & Energy (YoY)	Apr	6.2%	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

> Yields on the US 10-year Treasury notes and 30-year bonds racked up their biggest three-day declines since March yesterday, as investors continued to fret about the outlook after US inflation data revealed unexpectedly strong, underlying price pressures remain.

> Data released on Wednesday showed that the annual headline US inflation rate fell to 8.3 percent in April from 8.5 percent, the first decline in eight months. It had been expected to come in at 8.1 percent, the median estimate of forecasts.

> Underlying upward pressure on prices showed no signs of easing. Analysts focused, in particular, on the core rate of inflation, which omits food and energy: It rose by 0.6 percent on a monthly basis, up from 0.3 percent previously.

> The yield on the 10-year US Treasury note dropped 7.2 basis points to 2.918 percent, while the yield on the 2-year Treasury note gained less than 1 basis point to 2.629 percent. The long bond yield declined by 8.7 basis points to 3.040 percent.

> Meanwhile, the spread between 2- and 10-year rates flattened to 27 basis points on possible signs that bond investors are growing more worried about the path of the economy.

> Tomorrow, the Bank of Mauritius will hold the auction for the 182-Day Government of Mauritius Treasury bills for a nominal amount of MUR 500 Mio as well as the 91-Day and 364-Day Bank of Mauritius Treasury Bills for a nominal amount of MUR 1,000 Mio.

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

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

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

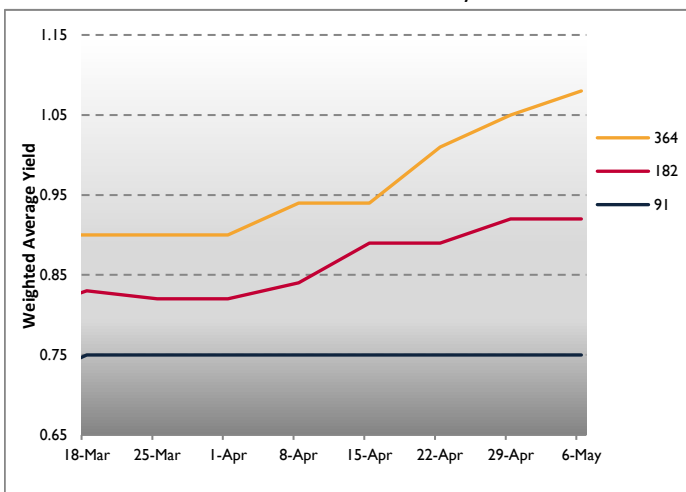
Key Central Bank Rates

	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	2.5962	2.820
UK Bonds	1.233	1.373
German Bonds	0.073	0.556

Auction Results of Treasury Bills



Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-	-	-	-
USD	-	0.843	1.400	1.932
GBP	-	0.974	1.237	1.654
EURIBOR	-0.564	-0.553	-0.417	-0.202

* LIBOR rates delayed by 48 hours. Source: ICE

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	0.804	1.306	1.480	1.708
USD LIBOR - 3m	2.856	2.862	2.894	2.907

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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

News

> Oil was down this morning in Asia as prices steadied after an initial rise from Russia placing sanctions on some European gas companies. Price gains were also capped by worries about a fall in demand from China, as it attempts to curb the spread of the coronavirus through lockdowns

> Gold prices dipped to a three-month low of USD 1,831.98 an ounce on Wednesday before rising as much as 1.1 percent on the US consumer price inflation data. However, gains in the bullion are limited by a robust dollar trading near its highest levels in 20 years.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	108.17	3.73
Gold (\$)	1,847.38	(4.74)