

FOREIGN EXCHANGE MARKET

News

- > The greenback fell across the board on Wednesday following the release of US inflation figures. Having awaited December CPI data, investors appeared underwhelmed as reports showed prices, despite posting their largest annual gain in almost 40 years, were largely in line with analyst expectations and offered little to re-shape or accelerate expectations for Fed policy change.
- > Attention now turns to US PPI data and unemployment claims to be released this Thursday while retail sales data will be published on Friday.
- > EUR/USD climbed above 1.1400 for the first time in three months on the back of US inflation figures, which came in line with expectations, though weighed on the US dollar.
- > GBP/USD benefited from fresh risk appetite and rallied to 1.3719 amid broad US dollar weakness for the fourth consecutive trading day.
- > The dollar lost ground against safe-haven assets also, as the USD/JPY pair plunged to 114.37.
- > AUD/USD rose sharply through trade on Wednesday extending above 0.7250 amid rising commodity prices.
- > The weaker greenback and higher oil prices lifted the Canadian dollar to its highest level in nearly two months.
- > The USD/MUR opens at MUR 43.65/USD this morning, while the EUR/MUR breaches the MUR 50 level to open at MUR 50.14/EUR on the offer. The market remains tight as demand remains strong while sellers of currency are slowly resuming their activities.

Daily Technical View

EUR/USD - Despite strong US inflation data, the pair broke above the key resistance level of 1.1385 to trade to a fresh year high of 1.1452 on broad-based USD weakness. Intraday a rally past FIBO level at 1.1450 will target the 100-DMA technical resistance level at 1.1513, dips are expected to find buyers at 1.1385/1.1410.

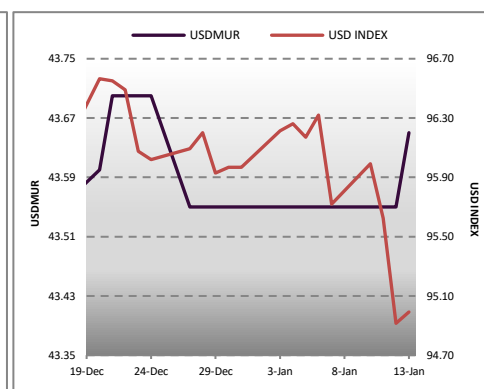
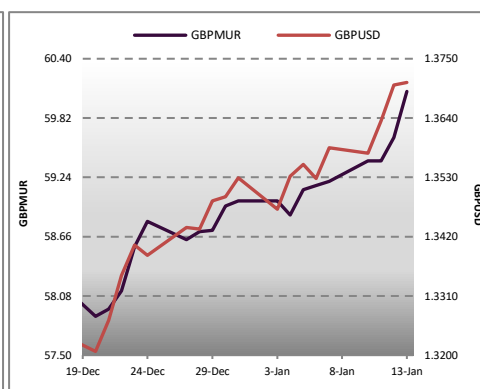
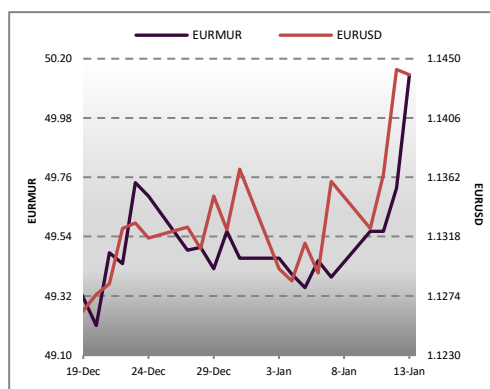
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	31.00	0.37	32.24	0.38
CNYMUR	6.71	0.03	7.05	0.03
EURMUR	48.68	0.41	50.14	0.42
JPYMUR	36.94	0.35	38.42	0.37
ZARMUR	2.74	0.04	2.92	0.04
USDMUR	42.75	0.10	43.65	0.10
GBPMUR	58.33	0.44	60.08	0.45

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.99	30.98	30.93	32.27	32.34	32.43
EURMUR	48.68	48.67	48.61	50.20	50.35	50.58
ZARMUR	2.72	2.69	2.62	2.92	2.91	2.90
USDMUR	42.73	42.69	42.54	43.68	43.75	43.83
GBPMUR	58.32	58.27	58.09	60.12	60.19	60.27



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7284	0.7292	0.7274	0.7287
EURUSD	1.1441	1.1448	1.1436	1.1443
GBPUSD	1.3696	1.3719	1.3702	1.3710
USDJPY	114.63	114.70	114.50	114.65
USDCHF	0.9143	0.9148	0.9138	0.9147
USDCNH	6.36	6.37	6.36	6.37

Major Indices

	Value at Close	Day Change %
DOW JONES	36,252.02	0.11
S&P 500	4,726.35	0.28
FTSE 100	7,551.72	0.81
DAX	16,010.32	0.43
CAC 40	7,237.19	0.75
NIKKEI 225	28,541.85	(0.78)
HANGSENG	24,359.00	(0.18)

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	5.5%	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

> The two-year US Treasury yield climbed to its highest in almost two years, while the 10-year rate dropped to the lowest in a week, following a USD 36 billion 10-year note auction that came off without much of a hitch, while data showed inflation rising to an almost four-decade high of 7 percent.

> US consumer prices rose 0.5 percent in December to push the increase in the cost of living last year to an almost 40-year high of 7 percent, with inflation soaring due to strong customer demand and labour and supply shortages. The monthly gain in the consumer-price index exceeded the 0.4 percent, though the 7 percent year-over-year figure came in a few basis points below the 7.03 percent anticipated by traders earlier this week. It was the third straight month in which the year-over-year gain exceeded 6 percent.

> This data puts greater pressure on the Federal Reserve to start hiking the fed-funds rate target from its current level between zero and 0.25 percent, and to begin shrinking the central bank's more than USD 8 trillion balance sheet.

> The 10-year US Treasury note yield declined to 1.724 percent while the 2-year Treasury note rose to 0.905 percent. The long bond edged lower to 2.071 percent.

> Yesterday, the BoM held the auction for the 15-Year Government of Mauritius Bonds, for a nominal amount of MUR 2,500 Mio, with the weighted average yield published at 4.45 percent.

> Tomorrow, the BoM will hold the auction for the 364-Day Government of Mauritius Treasury Bills for a nominal amount of MUR 700 Mio as well as the 91-Day and 182-Day Bank of Mauritius Treasury Bills for a nominal amount of MUR 1,500 Mio.

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

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

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	4.50	4.25
20 Year	4.80	4.55

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	0.9151	1.512
UK Bonds	0.824	0.98
German Bonds	-0.592	-0.375

Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-	-	-	-
USD	-	0.113	0.244	0.386
GBP	-	0.281	0.504	0.828
EURIBOR	-0.581	-0.564	-0.564	-0.528

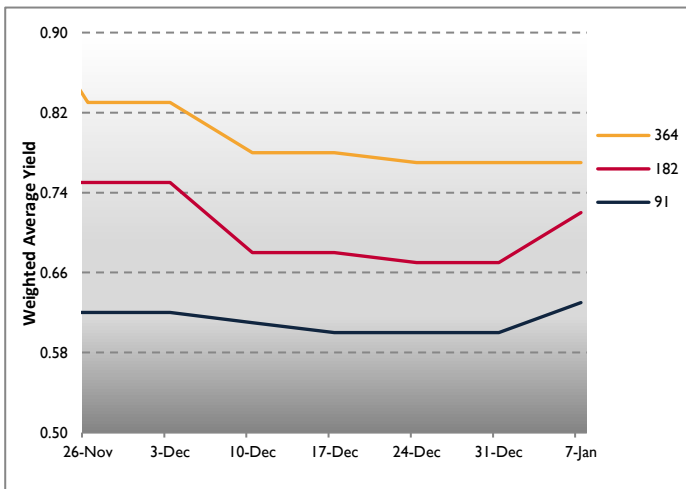
* LIBOR rates delayed by 48 hours. Source: ICE

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.275	0.059	0.176	0.347
USD LIBOR - 3m	1.127	1.600	1.716	1.800

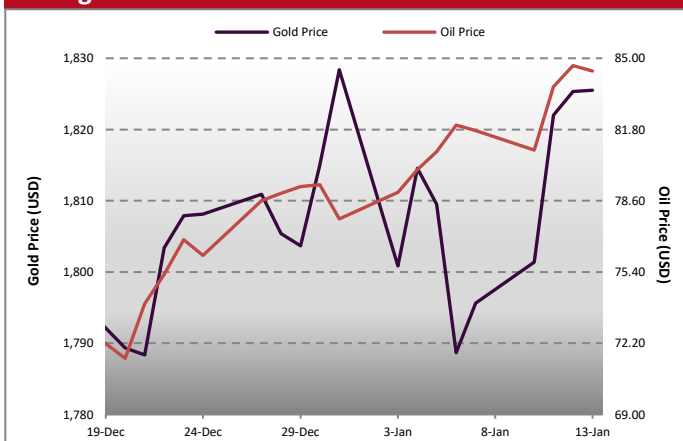
*Pay fixed and receive floating swap

Auction Results of Treasury Bills



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

> Gold hit a one-week high on Wednesday, mainly driven by losses in the US dollar after data showed that US consumer price growth rose at the fastest pace in almost four decades in December.

> US crude inventories dropped to their lowest levels since 2018, taking benchmark oil prices to two-month highs. The falling greenback and easing concerns over Omicron variant also boosted prices yesterday but gains were trimmed this morning.

> The EIA reported that US crude stockpiles fell 4.6 million barrels to 413.3 million barrels last week. The drawdown was bigger than expected despite a drop in refining activity.

	Spot Market	
	Today	Change (\$)
Brent Crude Oil (\$)	87.88	1.69
Gold (\$)	1,825.96	0.64