

FOREIGN EXCHANGE MARKET

News

> The dollar rallied broadly on Friday, after data showed US consumer prices accelerated in May, strengthening expectations the Federal Reserve may have to continue with interest rate hikes through September to combat inflation.

> This week is loaded with Central Bank meetings with the Federal Reserve widely expected to deliver a second 50 basis point rate hike on Wednesday while the Bank of England, Bank of Japan and the Swiss National Bank will also hold policy meetings.

> EUR/USD nosedived to 1.0475 in Asia this morning following a higher-than-expected US inflation report, which topped estimations and opened the door for an aggressive Fed tightening cycle.

> GBP/USD tumbled below 1.2300 amid broad-based USD strength after stronger US consumer inflation figures.

> USD/JPY edged up above 134.00 after reaching a daily low at 133.36 on Friday, underpinned by higher US Treasury yields.

> AUD/USD turned lower for the third straight day in reaction to stronger US inflation figures dropping to a fresh two-week low at 0.7000.

> The Canadian dollar fell to a two-week low against its broadly stronger US counterpart on Friday as investors weighed economic data that could support additional aggressive interest rate hikes by the Bank of Canada and the Federal Reserve.

> The USD/MUR opens at MUR 44.15/USD, while the EUR/MUR opens at MUR 46.61/EUR.

Daily Technical View

EUR/USD – The shared currency nosedived 168 pips to land at 1.0475 after US inflation data bolstered expectations of heavier rate hikes by the Fed. Downward trajectory for the euro pair could see resistance lying near 1.0545/65. A plunge below support at key Fibonacci levels at 1.0444 and 1.04 could test May 2022 low at 1.0340.

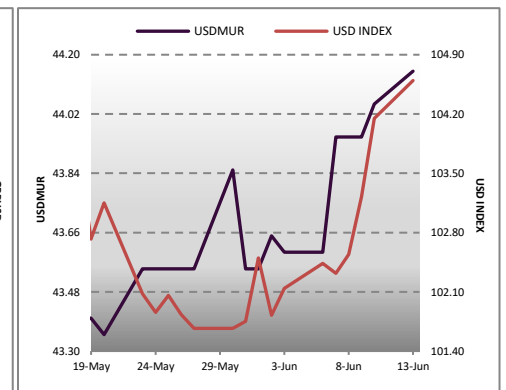
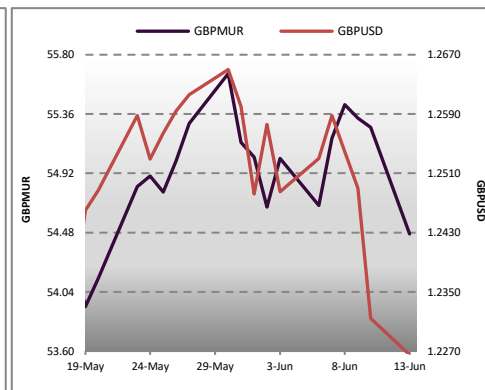
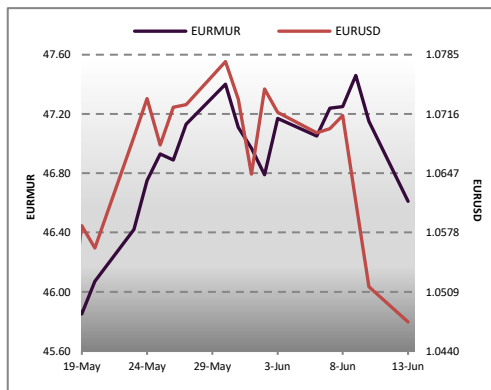
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.23	(0.26)	31.44	(0.27)
CNYMUR	6.39	(0.04)	6.72	(0.04)
EURMUR	45.25	(0.53)	46.61	(0.54)
JPYMUR	31.74	(0.13)	33.01	(0.13)
ZARMUR	2.66	(0.08)	2.83	(0.09)
USDMUR	43.25	0.10	44.15	0.10
GBPMUR	52.88	(0.77)	54.47	(0.79)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.22	30.16	29.99	31.44	31.40	31.26
EURMUR	45.29	45.36	45.41	46.66	46.77	46.85
ZARMUR	2.65	2.62	2.60	2.82	2.80	2.78
USDMUR	43.21	43.12	42.88	44.13	44.06	43.85
GBPMUR	52.85	52.77	52.57	54.45	54.39	54.21



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7030	0.7049	0.7002	0.7020
EURUSD	1.0512	1.0519	1.0470	1.0479
GBPUSD	1.2323	1.2325	1.2239	1.2262
USDJPY	134.37	135.17	134.36	134.59
USDCHF	0.9870	0.9913	0.9874	0.9907
USDCNH	6.73	6.77	6.73	6.75

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	32,272.79	(2.73)
S&P 500	3,900.86	(2.91)
FTSE 100	7,317.52	(2.12)
DAX	13,761.83	(3.08)
CAC 40	6,187.23	(2.69)
NIKKEI 225	27,011.53	(2.94)
HANGSENG	21,105.41	(3.21)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
9-Jun	11 45	EU	ECB Interest Rate Decision	-	0.0%	0.0%	0.0%
9-Jun	12 30	US	Initial Jobless Claims	Jun	229K	210K	202K
10-Jun	12 30	US	CPI ex Food & Energy (YoY)	May	6.0%	5.9%	6.2%
10-Jun	12 30	CA	Unemployment Rate	May	5.1%	5.2%	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 rallied on Friday, with the US 2- and 10-year Treasury notes yields hitting their highest levels since 2008, after data showed that the US inflation rate rose to 8.6 percent in May.

> US consumer price growth surged in May, accelerating 1 per cent, as rising energy and services inflation added urgency to the Federal Reserve's plans to aggressively tighten monetary policy.

> The monthly rise in the consumer price index, published by the Bureau of Labour Statistics on Friday, was significantly higher than the 0.3 per cent increase in April and above economists' expectations of a 0.7 percent cent rise.

> The 2-year US Treasury yield gained 23.2 basis points to trade at 3.047 percent, while the yield on the 10-year Treasury note rose by 11.5 basis points to 3.156 percent. The yield on the 30-year Treasury bond rallied to 3.195 percent.

> The weighted average yield for the 182-Day Government of Mauritius Treasury Bills was published at 1.09 percent. As for the 91-Day and 364-Day Bank of Mauritius Treasury bills, the weighted average yields were published at 0.98 percent and 1.28 percent respectively.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	0.80	0.65
2M	0.90	0.75
3M	1.00	0.85
4M	1.05	0.90
6M	1.10	0.95
8M	1.15	1.00
10M	1.20	1.05
1Y	1.30	1.15

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Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	2.45	2.25
3 year	2.80	2.60
4 Year	3.00	2.80
5 Year	3.25	3.00
10 Year	4.70	4.45
15 year	5.00	4.75
20 Year	5.30	5.05

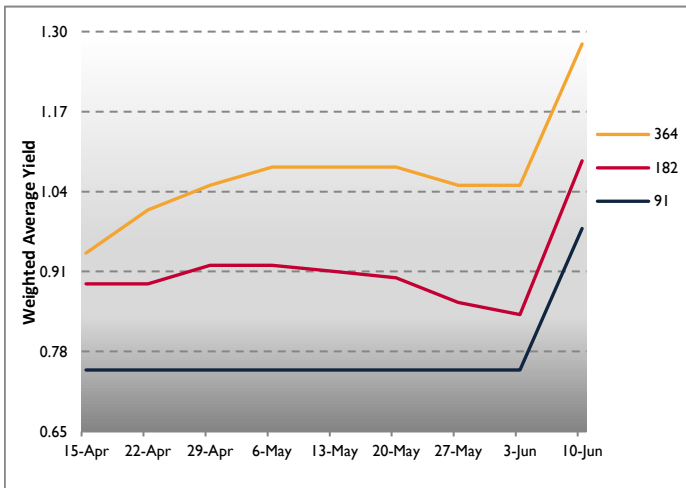
Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	2.25	2.00
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	0.85	0.35

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	3.1764	3.341
UK Bonds	2.057	2.143
German Bonds	1.008	1.356

Auction Results of Treasury Bills



Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-	-	-	-
USD	-	1.282	1.745	2.312
GBP	-	1.240	1.538	2.062
EURIBOR	-0.568	-0.539	-0.298	-0.083

* LIBOR rates delayed by 48 hours. Source: ICE

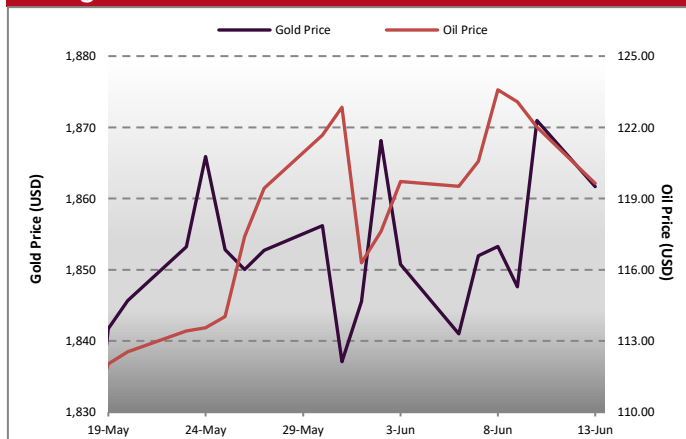
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	1.625	1.996	2.072	2.212
USD LIBOR - 3m	3.582	3.391	3.302	3.253

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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

News

> The bullion advanced sharply on Friday, hitting a 4-week high above USD 1,870, as investors continue to seek refuge in the safe-haven metal amid persistent fears over rising inflation and a potential recession. However, gold lost some strength this morning in Asia as pre-Fed meeting anxiety keep the sentiment around the dollar underpinned.

> Concerns that the resumption of stringent Covid-19 curbs such as partial lockdowns in Shanghai and high global inflation may hurt fuel demand pulled oil prices lower.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	131.15	(0.30)
Gold (\$)	1,862.66	(8.30)