

## FOREIGN EXCHANGE MARKET

### News

- > The dollar rose to a one-year high on Tuesday on expectation the US Fed will announce a tapering of its massive bond-buying program next month, and as concerns over soaring energy prices sent investors to the safe-haven greenback.
- > Investors will be closely watching US consumer price index data and the FOMC meeting minutes this Wednesday.
- > EUR/USD fell to a fresh 2021 low of 1.1524 amid dismal German data. The ZEW indicator of economic sentiment in Germany fell to 22.3 in October from 26.5 previously, missing the market expectation and falling for the fifth month. This Wednesday, the EU will publish August industrial production, while Germany will release September inflation figures.
- > GBP/USD pair hovered around 1.3590, undermined by the dollar demand, and despite speculation the Bank of England could raise interest rates before year-end to counter inflationary pressures.
- > USD/JPY rallied to 113.78 on Tuesday a three-year high, boosted by surging US Treasury yields on expectations the Federal Reserve will soon announce the end of its bond-buying program.
- > AUD/USD remained pressured below 0.7350 in Asia this morning after hitting a high of 0.7385 on Tuesday ahead of the US CPI.
- > The Canadian dollar strengthened against the greenback on Tuesday touching its strongest level since July 30 at 1.2434 on rising oil prices.
- > South African rand gained against the dollar on Tuesday trading at 14.95 after data showed August manufacturing output rose by 1.8 percent year on year while mining production grew by 2.0 percent in annual terms the same month.
- > The USD/MUR maintains MUR 43.05/USD on the offer, while the Pound sterling gains 7 cents overnight, supported by the cable trading above the 1.3600 handle.

### Daily Technical View

EUR/USD - Yesterday the EUR slipped to a session low of 1.1525 against the USD after two Fed speakers, Bostic and Clarida, supported the start of the Fed's bond program tapering as early as November. In Asia this morning the single currency recovered to 1.1555 on position adjustment ahead of the key US CPI data due later today. Intra-day we expect to trade in a 1.1490-1.1620 range.

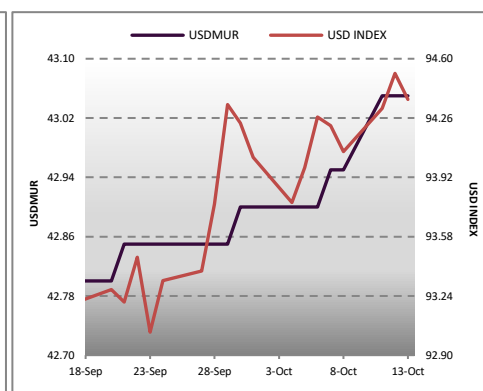
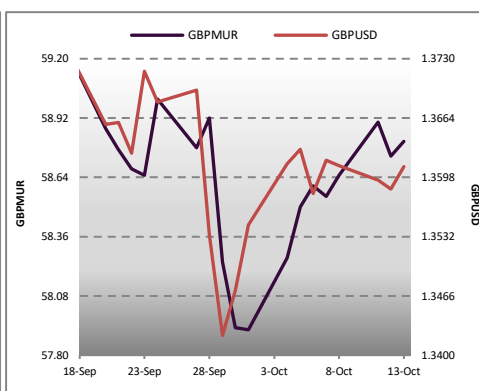
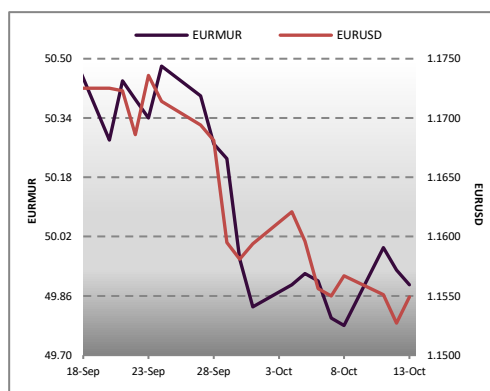
### Market Highlights

#### Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.77	-	32.00	-
CNYMUR	6.53	0.01	6.86	0.01
EURMUR	48.44	(0.04)	49.89	(0.04)
JPYMUR	36.77	(0.06)	38.24	(0.06)
ZARMUR	2.77	0.02	2.95	0.02
USDMUR	42.15	-	43.05	-
GBPMUR	57.10	0.07	58.81	0.07

#### Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.76	30.75	30.72	32.03	32.11	32.21
EURMUR	48.43	48.41	48.38	49.95	50.09	50.33
ZARMUR	2.75	2.72	2.66	2.95	2.94	2.94
USDMUR	42.13	42.08	41.98	43.08	43.14	43.28
GBPMUR	57.09	57.04	56.93	58.85	58.93	59.09



#### Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7350	0.7352	0.7331	0.7335
EURUSD	1.1526	1.1555	1.1529	1.1551
GBPUSD	1.3586	1.3618	1.3577	1.3610
USDJPY	113.60	113.61	113.36	113.51
USDCHF	0.9311	0.9311	0.9289	0.9296
USDCNH	6.45	6.46	6.45	6.45

#### Today

#### Major Indices

	Value at Close	Day Change %
DOW JONES	34,496.06	(0.34)
S&P 500	4,350.65	(0.24)
FTSE 100	7,130.23	(0.23)
DAX	15,146.87	(0.34)
CAC 40	6,548.11	(0.34)
NIKKEI 225	28,183.28	(0.17)
HANGSENG	0.00	-

### Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
12-Oct	06 00	UK	ILO Unemployment Rate (3M)	Aug	4.5%	4.5%	4.6%
12-Oct	09 00	DE	ZEW Survey - Economic Sentiment	Oct	22.3	24.0	26.5
13-Oct	06 00	DE	Harmonized Index of Consumer Prices	Sep	-	4.1%	4.1%
13-Oct	12 30	US	CPI ex Food & Energy (YoY)	Sep	-	4.0%	4.0%

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

> US Treasury yields traded mixed yesterday, as fixed-income traders returned from the three-day, Columbus Day holiday weekend and as attention is turned to this week's round of US inflation data and minutes from the Federal Reserve.

> Rising commodity prices, led by oil and natural gas, have contributed to concerns about potential inflationary pressures, alongside widespread supply-chain bottlenecks. Traders and investors are bracing for today's reading on consumer prices to potentially exceed expectations, just as optimism over a global recovery is slipping away.

> The two-year rate, which captures near-term expectations for Fed policy rates, rose to a fresh 52-week high, while longer-dated yields fell amid growing negative sentiment on the US economy's outlook.

> The 10-year US Treasury note yield declined to 1.579 percent, while the 2-year Treasury note yield rose to 0.338 percent. The long bond yield retreated to 2.106 percent.

### Market Highlights

#### Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	0.55	0.40
2M	0.60	0.45
3M	0.65	0.50
4M	0.75	0.60
6M	0.85	0.70
8M	0.90	0.75
10M	0.95	0.80
1Y	1.00	0.85

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#### Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	2.10	1.90
3 year	2.45	2.25
4 Year	2.70	2.50
5 Year	3.05	2.80
10 Year	4.40	4.15
15 year	4.65	4.40
20 Year	4.95	4.70

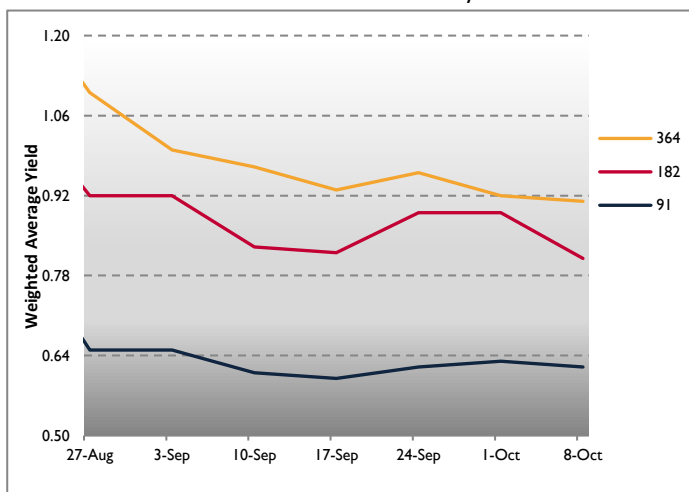
#### Key Central Bank Rates

	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	0.352	1.081
UK Bonds	0.564	0.784
German Bonds	-0.66	-0.463

#### Auction Results of Treasury Bills



#### Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.581	-0.572	-0.569	-0.538
USD	0.076	0.085	0.122	0.157
GBP	0.044	0.064	0.114	0.243
EURIBOR	-0.572	-0.563	-0.551	-0.521

\* LIBOR rates delayed by 48 hours. Source: ICE

#### Indicative Generic Swap Rates\* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.398	-0.106	0.056	0.272
USD LIBOR - 3m	0.491	1.172	1.409	1.612

\*Pay fixed and receive floating swap

## COMMODITIES

### Rolling Gold & Oil Prices



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### News

> Concerns that demand for fuel might slow down amid soaring coal and natural gas prices in China, India and Europe pulled oil prices lower during the Asian session. A robust dollar also weighed on the black liquid as it makes oil more expensive for those holding other currencies.

> Gold was trading in the USD 1,760 price zone this morning, helped by a modest dollar weakness, while investors await the US Federal Reserve's latest meeting minutes and inflation data for clues as to the central bank's timeline for asset tapering.

#### Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	84.05	(0.65)
Gold (\$)	1,762.19	2.26