

FOREIGN EXCHANGE MARKET

News

- > The US dollar rebounded against its major peers this Thursday, boosted by higher US yields as President-elect Joe Biden prepared to outline his plans for massive fiscal stimulus.
- > Focus today will also be on the speech to be delivered by Federal Reserve Chairman Jerome Powell while US jobless claims data will be released, all of which will be looked by investors upon for fresh catalysts.
- > EUR/USD pair came under pressure and fell to a low of 1.2137 following comments from ECB council member Francois Villeroy de Galhau stating that the Central Bank is keeping a close eye on exchange rate developments and their negative impact on inflation.
- > GBP/USD pulled back to 1.3616 amid a US dollar recovery after rising a day earlier on the back of Bank of England governor Andrew Bailey comments that sounded cautions regarding negative interest rates.
- > USD/JPY eased around the 104.00 level as a stronger US dollar across the board boosted the pair while traders await comments from Fed Chairman Jerome Powell for clues on the policy outlook.
- > AUD/USD drops back below the 0.7750 level in Asia this morning, fading upbeat China December trade data-led gains on reports that US President Joe Biden is likely to announce a bigger stimulus package worth USD 2 trillion on Friday.
- > South African rand steadied in late trade on Wednesday, after a recovery rally in the previous session.
- > The USD/MUR gains 5 cents since yesterday with the single currency trading below the 1.2150 level this morning.

Daily Technical View

EUR/USD - Yesterday the single currency bounce to 1.2222 against the USD was swiftly rejected ahead of the key 1.2240 resistance level and in Asia this morning it traded to a session low of 1.2137 as the market continue to unwind the massive net short speculative dollar position of \$30.57 billion as per the CFTC report for the first week of January. Intra-day a break of 1.2100/30 support area will target a slide towards 1.2000/50, whereas on the upside 1.2185/1.2215 levels are expected to cap rallies.

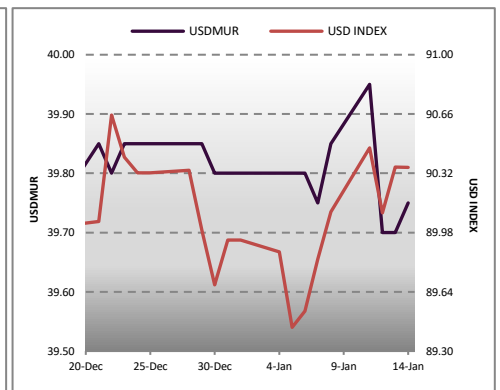
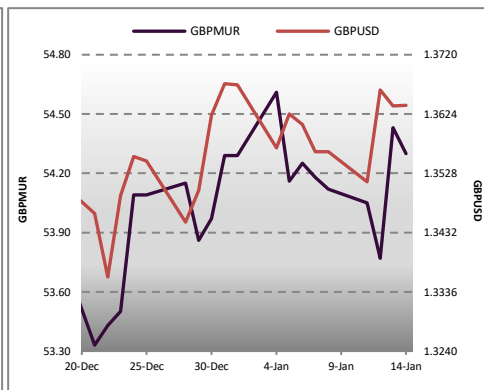
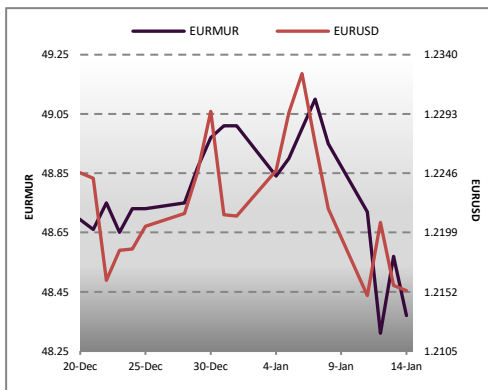
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	29.93	(0.05)	31.13	(0.05)
CNYMUR	6.00	(0.01)	6.31	(0.01)
EURMUR	46.96	(0.20)	48.37	(0.20)
JPYMUR	36.97	(0.12)	38.45	(0.12)
ZARMUR	2.50	(0.01)	2.66	(0.01)
USDMUR	38.85	0.05	39.75	0.05
GBPMUR	52.72	(0.12)	54.30	(0.13)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	29.92	29.90	29.86	31.15	31.20	31.26
EURMUR	46.95	46.92	46.87	48.42	48.52	48.68
ZARMUR	2.48	2.45	2.40	2.66	2.65	2.65
USDMUR	38.83	38.78	38.69	39.77	39.81	39.88
GBPMUR	52.71	52.67	52.60	54.33	54.38	54.49



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7732	0.7764	0.7729	0.7763
EURUSD	1.2156	1.2171	1.2137	1.2153
GBPUSD	1.3638	1.3655	1.3617	1.3636
USDJPY	103.88	104.19	103.80	104.04
USDCHF	0.8876	0.8892	0.8867	0.8876
USDCNH	6.46	6.47	6.46	6.47

Major Indices

	Value at Close	Day Change %
DOW JONES	31,068.69	(0.03)
S&P 500	3,809.84	0.23
FTSE 100	6,745.52	(0.13)
DAX	13,939.71	0.11
CAC 40	5,662.67	0.21
NIKKEI 225	28,865.38	1.42
HANGSENG	28,433.51	0.70

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
13-Jan	10 00	EU	Industrial Production s.a. (MoM)	Nov	2.5%	0.2	2.3%
13-Jan	13 30	US	CPI ex Food & Energy (MoM)	Dec	0.1%	0.1%	0.2%
14-Jan	17 30	US	Fed's Chair Powell speech	-	-	-	-
14-Jan		US	President-elect Biden speech	-	-	-	-

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 retreated yesterday, after a successful government debt auction highlighted strong demand for long-term government paper in the wake of a January selloff that pushed yields to more appetizing levels for bond buyers.
- > Heavy bidding at the auction of USD 24 billion of 30-year Treasury bonds demonstrated the appetite for government paper after the benchmark 10-year Treasury note yield rose over 20 bps in the span of two weeks. This sale followed a successful auction for USD 38 billion of 10-year notes held the previous day.
- > The 10-year US Treasury note yield dropped 4.5 basis points trading at 1.089 percent, its largest single-day drop in a month, while the 2-year note rate traded flat at 0.145 percent. The 30-year bond yield gave away 6.5 basis points to 1.818 percent, its largest such decrease since November 12.

- > In US economic data, the consumer-price index for December came in at an increase of 0.4 percent, in line with analysts estimates. Stripping out food and energy prices, the core inflation gauge rose by 0.1 percent.
- > The result of the 15-year Government of Mauritius Treasury Bonds was as follows: out of 20 bids received, only 5 were successful with the weighted average yield at 1.86 percent and a bid to cover ratio of 2.55.
- > Tomorrow, the Bank of Mauritius will issue the 91-Day Government of Mauritius Treasury bills as well as the 182-Day and 364-Day Bank of Mauritius Treasury bills for a nominal amount of MUR 1,000 Mio and MUR 1,500 Mio respectively.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	0.30	0.15
2M	0.30	0.15
3M	0.30	0.15
4M	0.32	0.17
6M	0.35	0.20
8M	0.38	0.23
10M	0.42	0.27
1Y	0.45	0.30

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

Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	1.00	0.80
3 year	1.30	1.10
4 Year	1.35	1.15
5 Year	1.55	1.30
10 Year	2.25	2.00
15 year	2.60	2.35
20 Year	2.95	2.70

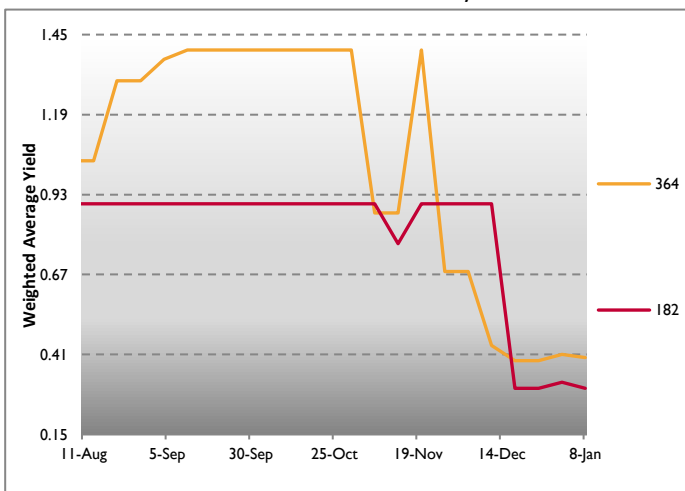
Key Central Bank Rates

	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	0.25	0.25

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	0.1509	0.492
UK Bonds	-0.098	-0.009
German Bonds	-0.705	-0.731

Auction Results of Treasury Bills



Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.572	-0.595	-0.559	-0.536
USD	0.102	0.127	0.234	0.248
GBP	0.030	0.027	0.031	0.043
EURIBOR	-0.573	-0.553	-0.549	-0.530

* LIBOR rates delayed by 48 hours. Source: ICE

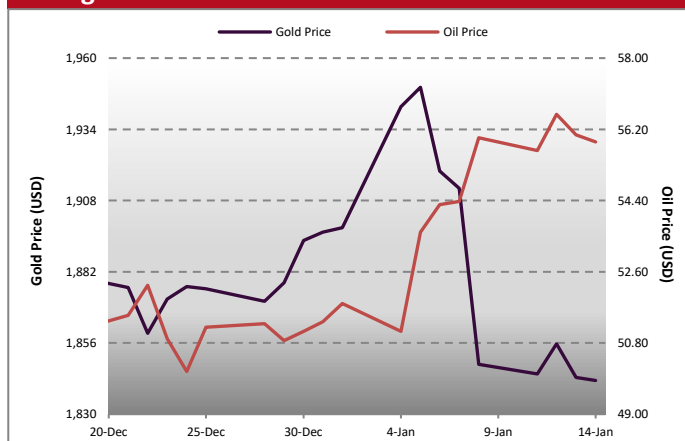
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.540	-0.471	-0.393	-0.252
USD LIBOR - 3m	0.241	0.567	0.833	1.131

* 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 was down on Thursday morning in Asia, with investors weighing the ever-rising number of Covid-19 cases and the impact for fuel demand against a fifth consecutive week of declines in US crude oil supply.
- > US crude oil supply data released on Wednesday showed a bigger-than-expected draw for the week to January 8.
- > Gold prices dipped as US Treasury yields and the dollar recovered on news that US President-elect Joe Biden is considering a bigger stimulus package worth around USD 2 trillion.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	55.71	(0.18)
Gold (\$)	1,840.52	(2.89)