

FOREIGN EXCHANGE MARKET

News

> The greenback rallied across the board on Monday except the safe-haven jpy as the prospect of more aggressive Federal Reserve policy spurred a sharp sell-off in global equities and bonds, thus sending the dollar sharply higher.

> EUR/USD tumbled towards 1.0400 as risk aversion dominated financial markets at the beginning of the week, hence spurring the dollar demand. This Tuesday Germany will publish May inflation figures and the June ZEW survey on economic sentiment while the US will release the May producer price index.

> GBP/USD fell to a fresh two-year low of 1.2123 after the UK economy slowed again in April, as industrial and manufacturing output slumped for a second straight month. Tensions with the European Union over post-Brexit trade with Northern Ireland also weighed on the pound.

> USD/JPY retreated below 134.50 after hitting its highest level since 1998, as the gap between Japanese and US benchmark yields widened after US inflation data on Friday.

> AUD/USD collapsed through trade on Monday and dropped below 0.7000 amid a plunge in global equities, wider global rates and a downturn in commodities.

> The Canadian dollar fell to its lowest level in nearly three weeks against its broadly stronger US counterpart on Monday as oil prices fell.

> South African rand fell on Monday as the safe-haven dollar rose, supported by fear of a global economic slowdown and bets on steep interest rate hikes by the US Federal Reserve.

> The USD/MUR opens at MUR 44.55/USD and the EUR/MUR at MUR 46.78/EUR, with the single currency trading very close to the 1.0400 handle.

Daily Technical View

EUR/USD – Risk-averse sentiment plummeted the single currency to bounce off at 1.04, catalyzed by the red-hot US CPI last Friday, ahead of US Federal Reserve interest rate decision tomorrow. Its 3-day losing streak could extend to recapture the double bottom 5-year low at 1.0345. A resumption of the pair above resistance at 1.0525 would confirm short term bullish momentum.

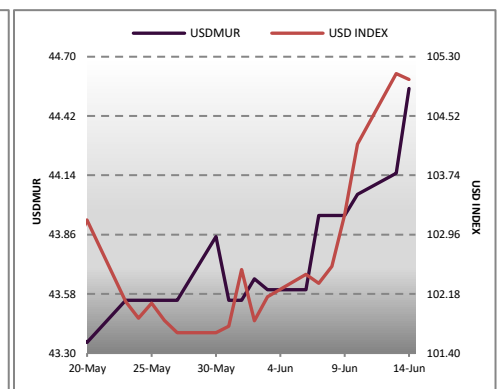
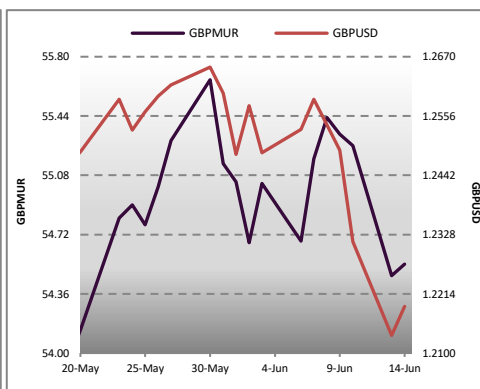
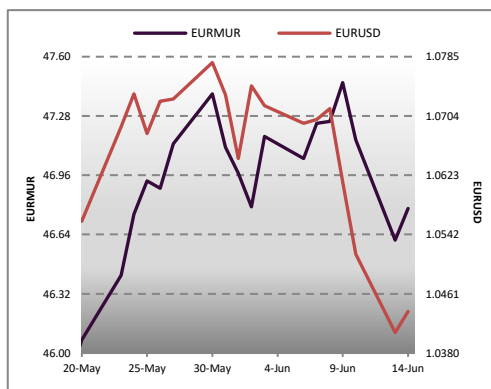
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.25	0.02	31.46	0.02
CNYMUR	6.46	0.07	6.79	0.07
EURMUR	45.42	0.17	46.78	0.17
JPYMUR	32.10	0.36	33.38	0.37
ZARMUR	2.68	0.02	2.85	0.02
USDMUR	43.65	0.40	44.55	0.40
GBPMUR	52.95	0.07	54.54	0.07

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.23	30.16	29.96	31.45	31.40	31.23
EURMUR	45.46	45.54	45.57	46.83	46.94	46.99
ZARMUR	2.67	2.64	2.62	2.84	2.82	2.80
USDMUR	43.61	43.48	43.25	44.53	44.44	44.23
GBPMUR	52.91	52.85	52.67	54.52	54.46	54.30



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.6922	0.6970	0.6920	0.6967
EURUSD	1.0409	1.0440	1.0398	1.0441
GBPUSD	1.2128	1.2198	1.2123	1.2200
USDJPY	134.41	134.81	133.88	134.56
USDCHF	0.9977	0.9980	0.9949	0.9954
USDCNH	6.78	6.79	6.74	6.74

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	31,392.79	(2.79)
S&P 500	3,749.63	(3.88)
FTSE 100	7,205.81	(1.53)
DAX	13,427.03	(2.43)
CAC 40	6,022.32	(2.67)
NIKKEI 225	26,448.54	(2.00)
HANGSENG	21,011.71	(0.27)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
14-Jun	06 00	DE	Harmonized Index of Consumer Prices	May	-	8.7%	8.7%
14-Jun	12 30	US	PPI ex Food & Energy (YoY)	May	-	8.6%	8.8%
15-Jun	12 30	US	Retail Sales (MoM)	May	-	0.2%	0.9%
15-Jun	18 00	US	Fed Interest rate Decision	-	-	1.5%	1.0%

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

> Treasury yields rallied yesterday, pushing prices lower, with the rate on the 2-year Treasury note nearing the 10-year, threatening to invert the yield curve again and underlining fears that persistently hot inflation will require the Federal Reserve to tighten rates so aggressively it will push the economy into recession.

> The selloff in Treasuries came alongside a steep drop in equities. All three major US stock indices closed sharply lower Monday, with Dow industrials dropping nearly 900 points and the S&P 500 slipping into a bear market, in line with a global equity selloff.

> The yield on the 10-year US Treasury note gained 21.5 basis points to trade at 3.371 percent, while the 2-year Treasury note yield firmed to 3.279 percent. The long-bond yield strengthened to 3.368 percent.

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

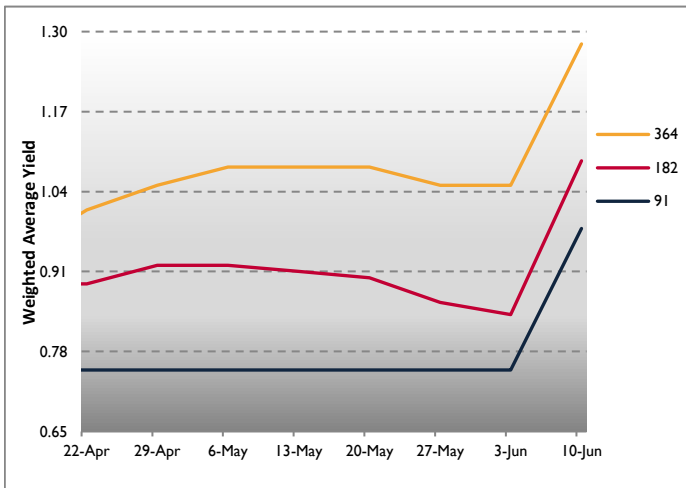
Key Central Bank Rates

	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	3.3154	3.437
UK Bonds	2.133	2.194
German Bonds	1.127	1.489

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

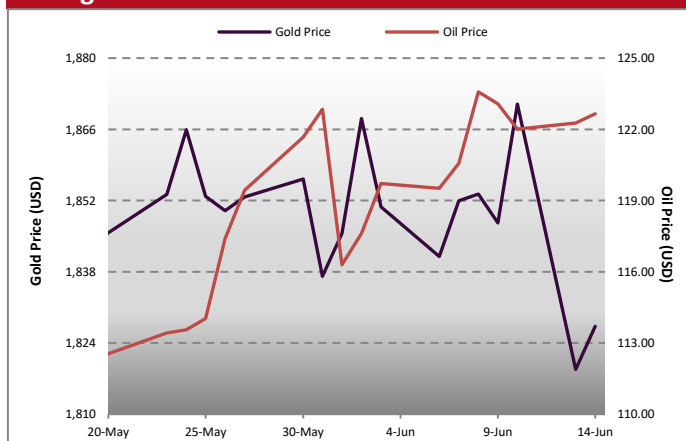
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	1.798	2.152	2.226	2.363
USD LIBOR - 3m	3.704	3.470	3.410	3.384

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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News

> Gold prices dived, with spot gold trading at its lowest level since 19th May on a firmer US dollar, higher Treasury yields and the prospect of aggressive monetary tightening by central banks amid high inflation globally.

> Oil prices were volatile, mainly driven by worries over tight supplies after a decline in production in Libya while demand concerns after a fresh COVID-19 outbreak in China also added to pressure on the commodity.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	131.72	0.58
Gold (\$)	1,828.59	9.82