

FOREIGN EXCHANGE MARKET

News

- > The US dollar eased back from a one-year high on Wednesday as longer-dated Treasury yields fell after US inflation data showed prices rose solidly in September.
- > The US Federal Reserve published the minutes of its latest meeting. As expected, the document showed that policymakers are ready to kick-start tapering, a gradual reduction in the pace of asset purchases, aiming to end it in mid-2022.
- > EUR/USD pair recovered from a fresh 2021 low of 1.1523, as the dollar suffered a major setback on the back of plummeting US government bond yields. The European macroeconomic calendar has nothing to offer this Thursday, while the US will publish the September producer price index and initial jobless claims for the week ended October 8.
- > GBP/USD remained strong as traders shrugged off data showing weaker-than-expected economic growth in Britain and focused on bets that the Bank of England will raise interest rates.
- > The Japanese yen is supported by a weaker dollar, on the back of a flattening US yield curve.
- > AUD/USD edged higher through trade, taking advantage of a broader USD correction and rising commodity prices
- > The Canadian dollar edged higher against its US counterpart yesterday for the second consecutive day as oil prices and Bank of Canada rate hike expectations buoyed the loonie.
- > The South African rand posted strong gains trading at 14.8275 against the dollar, on Wednesday as the dollar retreated, gold prices rallied and local bonds advanced.
- > USD/MUR sees no change overnight, still trading at MUR 43.05/USD, while GBP/MUR and EUR/MUR breached the MUR 59.00 and MUR 50.00 levels respectively amid some weakness in the dollar on the international front.

Daily Technical View

EUR/USD - The EUR rallied to a session high of 1.1600 against the USD despite a strong reading of the US CPI data for September and the FOMC minutes hinting at an early asset purchase tapering by the US central bank. As long as 1.1500 holds the downside we may see a technical bounce towards 1.1640/60 key resistance area and further out to the 1.1720 level.

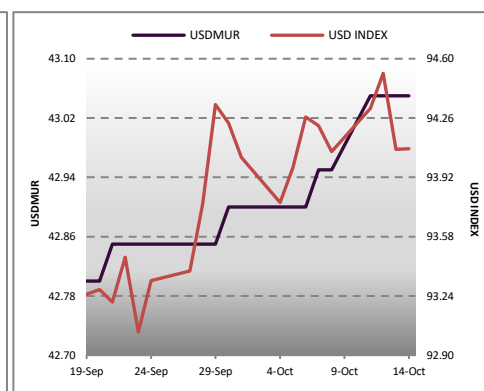
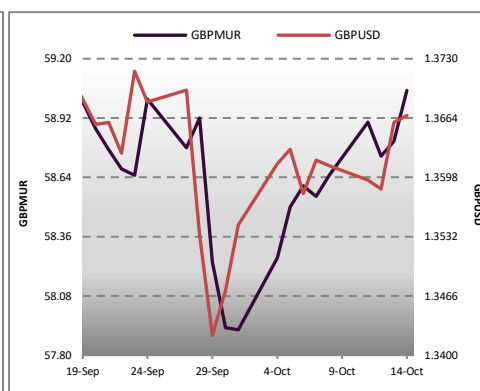
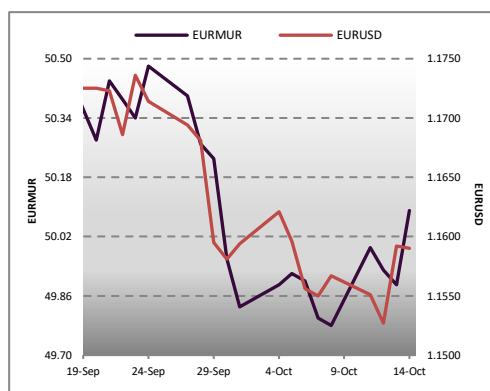
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.99	0.22	32.23	0.23
CNYMUR	6.54	0.01	6.88	0.02
EURMUR	48.63	0.19	50.09	0.20
JPYMUR	36.75	(0.02)	38.22	(0.02)
ZARMUR	2.80	0.03	2.98	0.03
USDMUR	42.15	-	43.05	-
GBPMUR	57.33	0.23	59.05	0.24

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.98	30.97	30.94	32.26	32.32	32.43
EURMUR	48.62	48.61	48.58	50.15	50.29	50.54
ZARMUR	2.78	2.75	2.68	2.98	2.98	2.98
USDMUR	42.13	42.09	42.00	43.08	43.16	43.30
GBPMUR	57.32	57.27	57.16	59.09	59.18	59.33



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7378	0.7394	0.7373	0.7389
EURUSD	1.1591	1.1600	1.1588	1.1592
GBPUSD	1.3655	1.3672	1.3656	1.3667
USDJPY	113.26	113.59	113.22	113.57
USDCHF	0.9240	0.9245	0.9230	0.9233
USDCNH	6.43	6.44	6.43	6.44

Major Indices

	Value at Close	Day Change %
DOW JONES	34,378.34	-
S&P 500	4,363.80	0.30
FTSE 100	7,141.82	0.16
DAX	15,249.38	0.68
CAC 40	6,597.38	0.75
NIKKEI 225	28,573.10	1.49
HANGSENG	0.00	-

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
13-Oct	06 00	DE	Harmonized Index of Consumer Prices	Sep	4.1%	4.1%	4.1%
13-Oct	12 30	US	CPI ex Food & Energy (YoY)	Sep	4.0%	4.0%	4.0%
14-Oct	00 30	AU	Unemployment Rate s.a.	Sep	4.6%	4.8%	4.5%
14-Oct	12 30	US	Initial Jobless Claims	Oct	-	319K	326K

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 rate hit a 52-week high yesterday, while long-end yields moved lower, after the release of stronger-than-expected inflation data for September. The moves caused the widely followed spread between two- and 10-year rates to narrow by 5 basis points to 118 basis points.
- > US consumer prices rose at a 5.4 percent year-over-year pace in September and stayed at a 30-year high, according to data released yesterday. The reading was well above the 5.3 percent year-over-year consensus estimate of economists and more than double the Federal Reserve 2 percent average target.

- > Meanwhile, the minutes of the Federal Reserve September 21-22 meeting, showed that policy makers discussed a plan to reduce asset purchases by USD 15 billion per month, but several of them preferred a more rapid reduction. Furthermore, the tapering process might begin in either mid-November or mid-December.
- > The yield on the 10-year US Treasury note dropped 3.2 basis points to 1.549 percent, while the 2-year Treasury note yield gained 2 basis points to trade at 0.368 percent. The 30-year Treasury bond yield weakened to 2.041 percent.
- > The Bank of Mauritius will tomorrow 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 2,000 Mio.

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

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

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	0.3561	1.068
UK Bonds	0.581	0.749
German Bonds	-0.669	-0.482

Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.581	-0.571	-0.568	-0.538
USD	0.075	0.088	0.127	0.157
GBP	0.044	0.065	0.118	0.252
EURIBOR	-0.568	-0.561	-0.552	-0.523

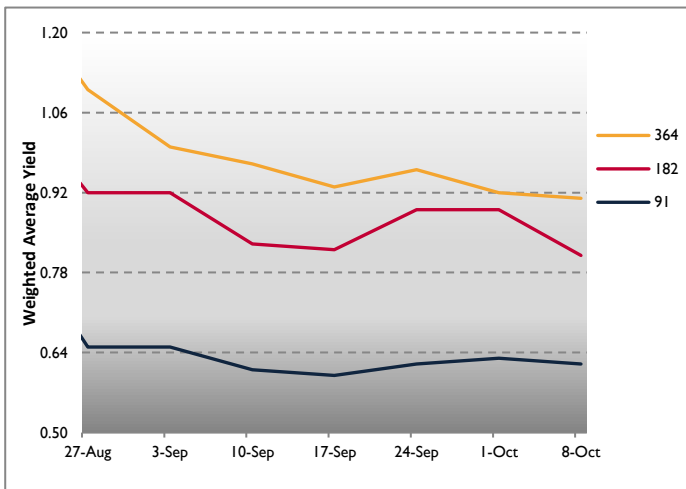
* LIBOR rates delayed by 48 hours. Source: ICE

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.388	-0.119	0.031	0.231
USD LIBOR - 3m	0.510	1.150	1.376	1.569

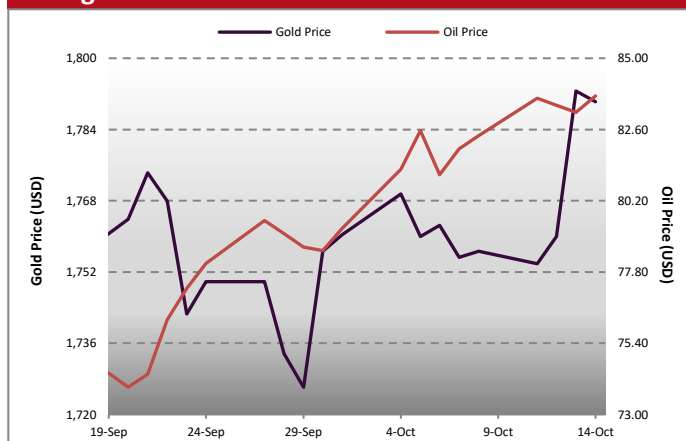
*Pay fixed and receive floating swap

Auction Results of Treasury Bills



COMMODITIES

Rolling Gold & Oil Prices



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

News

- > Oil prices rose on Thursday, reversing previous losses, on expectations that surging gas prices will encourage power generators to switch to oil as winter demand season approaches.
- > According to the latest API inventory report, US crude stockpiles rose more than expected last week, while gasoline supplies dropped sharply at a time when demand is expected to remain elevated.
- > Gold bounced USD 40.00 an ounce to approach the key USD 1,800 level on Wednesday, powered by the latest US CPI data. The yellow metal benefitted from its role as a hedge against inflation while weakness in the dollar and US Treasury yields provided additional support.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	83.86	(0.18)
Gold (\$)	1,790.89	(1.76)