

## FOREIGN EXCHANGE MARKET

### News

- > The greenback ended the day lower against majority of its peers as remarks from the Federal Reserve Chairman Jerome Powell hinted that the Central Bank was willing to be more patient before tightening monetary policy. The US will today publish the July NY Empire State Manufacturing Index, weekly unemployment claims, and June industrial production.
- > EUR/USD pair capitalized on the renewed USD weakness and staged a decisive rebound to 1.1838 from a three-month low of 1.1772 hit on Wednesday.
- > GBP/USD pair peaked at 1.3891, retreating afterwards to settle in the 1.3830 price zone, as mixed UK data and coronavirus-related concerns undermined demand for the pound.
- > USD/JPY fell below the 110.00 level as US Treasury yields turned sharply lower after dovish Fed Chairman testimony before Congress.
- > AUD/USD remained pressured below 0.7450 in Asia this morning on mixed Aussie jobs data.
- > The Canadian dollar was little changed against its US counterpart on Wednesday as the Bank of Canada reduced the scope of its bond-buying program but held its key interest rates at a record low.
- > South African rand recovered to 14.54 on Wednesday from the three-month lows hit on Tuesday, even as the army and police struggled to control looting and violence.
- > The USD/MUR maintains the same level as yesterday, while the EUR/MUR opens 22 cents higher at MUR 51.06/EUR, with the single currency trading back above the 1.1800 handle this morning.

### Daily Technical View

EUR/USD - Yesterday the single currency recovered to a session high of 1.1838 against the USD after Fed's Powell reiterated the stance to maintain its pandemic-era stimulus and that the improvement in the jobs market is not enough to start asset tapering. Intra-day 1.1800 level needs to hold for a stronger recovery towards 1.1880/1.1920 area, a break below 1.1800 will re-focus on downside targets at 1.1775 and 1.1740 levels.

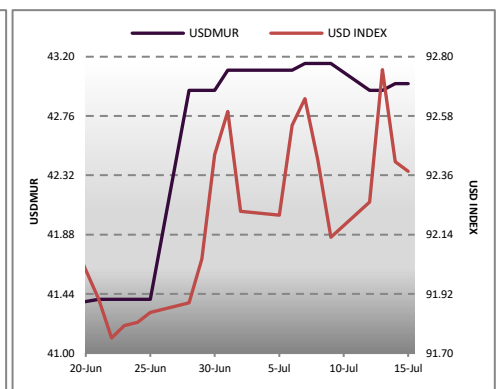
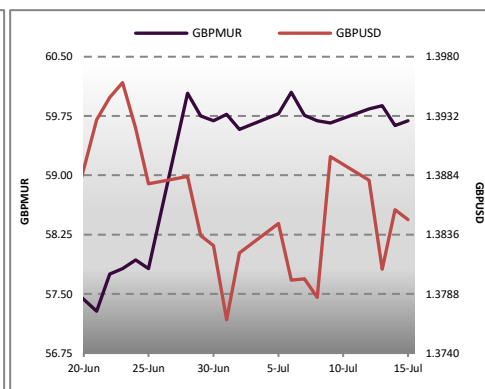
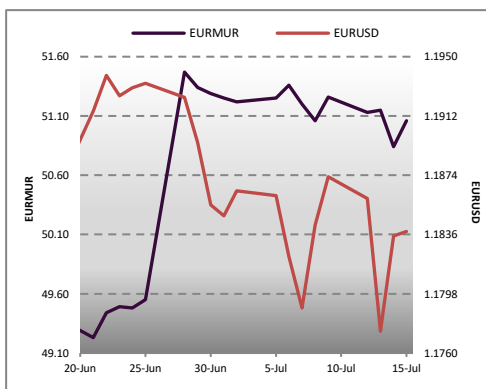
### Market Highlights

#### Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	31.25	-	32.50	-
CNYMUR	6.50	0.01	6.83	0.01
EURMUR	49.57	0.21	51.06	0.22
JPYMUR	37.94	0.22	39.46	0.23
ZARMUR	2.86	0.05	3.05	0.06
USDMUR	42.10	-	43.00	-
GBPMUR	57.95	0.06	59.69	0.06

#### Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	31.24	31.23	31.21	32.53	32.60	32.73
EURMUR	49.56	49.55	49.53	51.12	51.27	51.53
ZARMUR	2.84	2.81	2.75	3.05	3.05	3.05
USDMUR	42.08	42.05	41.96	43.03	43.11	43.26
GBPMUR	57.94	57.92	57.85	59.73	59.84	60.05



#### Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7478	0.7487	0.7454	0.7470
EURUSD	1.1835	1.1841	1.1822	1.1843
GBPUSD	1.3856	1.3863	1.3822	1.3852
USDJPY	109.97	110.02	109.83	109.84
USDCHF	0.9154	0.9157	0.9140	0.9140
USDCNH	6.46	6.47	6.46	6.47

#### Major Indices

	Value at Close	Day Change %
DOW JONES	34,888.79	0.13
S&P 500	4,374.30	0.12
FTSE 100	7,091.19	(0.47)
DAX	15,788.98	(0.00)
CAC 40	6,558.38	(0.00)
NIKKEI 225	28,254.71	(1.24)
HANGSENG	28,111.89	1.17

### Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
14-Jul	02 00	NZ	RBNZ Interest Rate Decision	-	0.25%	0.25%	0.25%
14-Jul	06 00	UK	Consumer Price Index (YoY)	Jun	2.5%	2.2%	2.1%
15-Jul	12 30	US	Initial Jobless Claims	Jul	-	360K	373K
16-Jul	12 30	US	Retail Sales Control Group	Jun	-	0.4%	-0.7%

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 edged lower yesterday, as investors digested the first of two days of congressional testimony from Federal Reserve Chairman Jerome Powell, who reiterated the view that the recent strength in inflation is due to temporary supply issues as the economy recovers from the pandemic. Mr. Powell's remarks suggest that the Central Bank is in no rush to remove monetary accommodation, but he noted that discussions among Fed members are under way.

> Minutes of the Fed's June meeting showed that officials had a lengthy discussion about when to slow down, or taper, the asset purchases. That is the likely first step in backing away from its easy money policy stance and investors will be looking for Powell to provide any clues on those plans.

> The 10-year US Treasury note yield eased around 1.335 percent, while the 30-year Treasury bond yield retreated below the 2 percent mark. The 2-year Treasury note yield dipped to 0.225 percent yesterday.

> The next Monetary Policy Committee by the Bank of Mauritius will be held on 4 August 2021.

> Tomorrow, the Bank of Mauritius will hold the auction for the 182-Day Government of Mauritius Treasury Bills for a nominal amount of MUR 500 Mio as well as the 91-day and 364-Day Bank of Mauritius Treasury Bills for a nominal amount of MUR 3,000 Mio.

**Market Highlights**

**Local Secondary Market T-Bills**

	Bid (%)	Offer (%)
1M	0.50	0.35
2M	0.60	0.45
3M	0.70	0.55
4M	0.80	0.65
6M	0.90	0.75
8M	0.95	0.80
10M	1.00	0.85
1Y	1.05	0.90

**Local Secondary Market T-Bonds**

	Bid (%)	Offer (%)
2 year	1.75	1.55
3 year	2.40	1.20
4 Year	2.70	2.50
5 Year	3.05	2.80
10 Year	4.25	4.00
15 year	4.60	4.35
20 Year	4.90	4.65

**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	0.2271	0.790
UK Bonds	0.096	0.308
German Bonds	-0.671	-0.618

**Money Market Rates**

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.581	-0.574	-0.555	-0.526
USD	0.088	0.093	0.126	0.152
GBP	0.042	0.050	0.078	0.096
EURIBOR	-0.565	-0.560	-0.546	-0.513

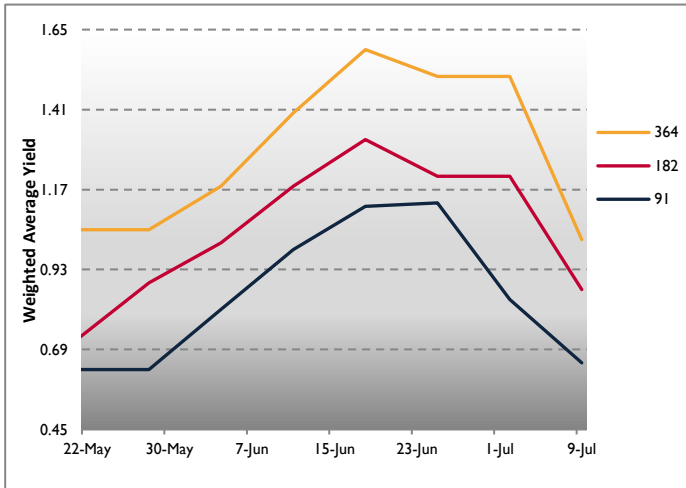
\* LIBOR rates delayed by 48 hours. Source: ICE

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

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.488	-0.336	-0.208	-0.009
USD LIBOR - 3m	0.324	0.884	1.104	1.326

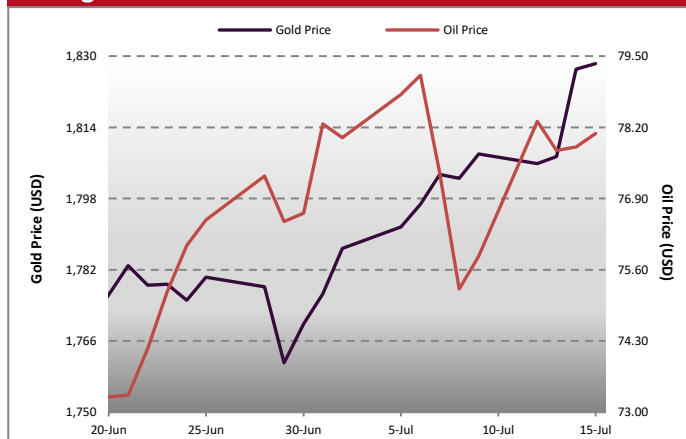
\*Pay fixed and receive floating swap

**Auction Results of Treasury Bills**



**COMMODITIES**

**Rolling Gold & Oil Prices**



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**News**

> Gold prices bounced on Wednesday, marking the highest settlement since mid-June, on the back of a decline in US dollar and Treasury yields as investors scaled back their expectations for an earlier than anticipated policy tightening by the Fed.

> Oil prices dropped on news that Saudi Arabia and the United Arab Emirates could reach a compromise that should unlock an OPEC+ deal to boost global oil supplies. Losses were further exacerbated on data showing a rise in US fuel stocks, raising concerns about demand in the world's largest consumer.

**Spot Market**

	Today	Change (\$)
Brent Crude Oil (\$)	78.10	0.26
Gold (\$)	1,829.38	2.32