

## FOREIGN EXCHANGE MARKET

### News

- > The US recovered much of the ground lost in the prior session after the Fed Chairman Jerome Powell told Congress he saw no need to rush the shift towards tighter post-pandemic monetary policy. Investors now await the release of US retail sales scheduled for later today.
- > EUR/USD peaked at 1.1850 to later pulling back towards the 1.1800 price zone following the release of mixed US macroeconomic figures. This Friday, the EU will publish June inflation data and the May trade balance.
- > GBP/USD settled around 1.3825 after hitting a high of 1.3898 during London trading hours, following hawkish comments from Michael Saunders, policymaker from the BoE stating that the Central Bank could decide to halt its bond-buying programme early due to an unexpectedly sharp rise in inflation.
- > USD/JPY traded around the 110.00 level after the Bank of Japan kept its monetary policy settings unchanged and revised down FY 2021/22 economic forecasts in its monetary policy review meeting this Friday.
- > AUD/USD traded near this 2021 low of 0.7409 amid risk off mood while NZD/USD jumped above 0.7000 on strong New Zealand Q2 CPI.
- > The Canadian dollar fell to 1.2612 its lowest level since April 21 undermined by weakness in oil prices and an ADP report that showed Canada lost 294,200 jobs in June.
- > South African rand remained under pressure against the USD as the government prepared to deploy more troops, amid widespread violence following the arrest of former President Jacob Zuma.
- > The USD/MUR ends the week at MUR 43.00/USD on the offer, with the EUR/MUR backing down to trade at MUR 50.96/EUR. So far, the Bank of Mauritius intervened only once this month and injected USD 35 Mio at the rate of MUR 42.50/USD.

### Daily Technical View

The Greenback was steady against most majors but is heading for weekly gains as the risk-off mood in the market persists. EUR/USD topped out at 1.1850 before pulling back towards 1.1800/10 price zone this morning. The pair remains confined in its very choppy recent range. 1.1770/80 remains the immediate support ahead of 1.1730/40. To the topside, intraday rallies towards 1.1850/60 have been short-lived and expect the level to hold strong again. Only a clear break above would alleviate the bearish pressure and point to a test of 1.1900/20.

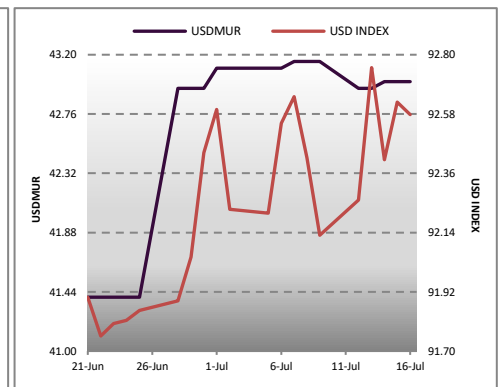
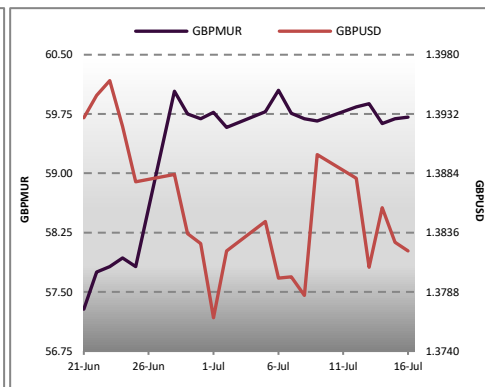
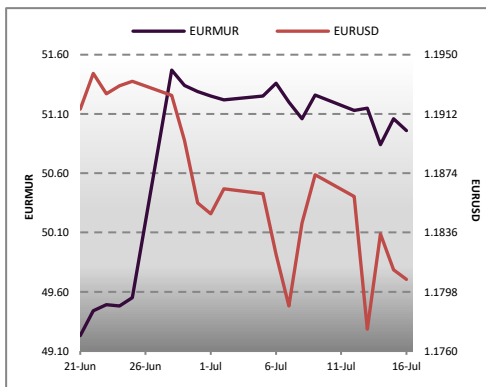
### Market Highlights

#### Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	31.16	(0.09)	32.41	(0.09)
CNYMUR	6.50	-	6.83	-
EURMUR	49.48	(0.09)	50.96	(0.10)
JPYMUR	37.89	(0.05)	39.41	(0.05)
ZARMUR	2.84	(0.02)	3.02	(0.03)
USDMUR	42.10	-	43.00	-
GBPMUR	57.97	0.02	59.71	0.02

#### Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	31.15	31.15	31.12	32.44	32.52	32.65
EURMUR	49.47	49.46	49.44	51.02	51.17	51.43
ZARMUR	2.82	2.79	2.73	3.02	3.01	3.01
USDMUR	42.08	42.06	41.99	43.03	43.11	43.25
GBPMUR	57.96	57.94	57.88	59.75	59.86	60.08



#### Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7427	0.7440	0.7416	0.7433
EURUSD	1.1812	1.1817	1.1803	1.1809
GBPUSD	1.3828	1.3840	1.3816	1.3816
USDJPY	109.86	110.06	109.74	110.00
USDCHF	0.9175	0.9189	0.9173	0.9188
USDCNH	6.46	6.47	6.46	6.47

#### Major Indices

	Value at Close	Day Change %
DOW JONES	34,933.23	0.15
S&P 500	4,360.03	(0.33)
FTSE 100	7,012.02	(1.12)
DAX	15,629.66	(1.01)
CAC 40	6,493.36	(0.99)
NIKKEI 225	28,051.81	(0.80)
HANGSENG	28,092.82	0.34

### Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
15-Jul	12 30	US	Initial Jobless Claims	Jul	360K	360K	386K
16-Jul	12 30	US	Retail Sales Control Group	Jun	-	0.4%	-0.7%
20-Jul	01 30	CN	PBoC Interest Rate Decision	-	-	-	3.85%
20-Jul	06 00	DE	Producer Price Index (MoM)	Jun	-	0.7%	1.5%

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**

> Long-dated US Treasury yields retreated yesterday, as Federal Reserve Chairman Mr. Powell stated that a recent bout of high inflation has left the Central Bank “not comfortable” but undaunted in the belief that inflation, even though well above the level consistent with the central bank’s objectives of a 2 percent annual rate, would eventually recede.  
Mr. Powell repeated his message from the previous day when he testified before a House panel, telling lawmakers that inflation had risen significantly and would likely remain high for a few months before moderating.

> However, Treasury buyers are shaking off inflation fears to buy bonds, with some professionals pointing to ample liquidity helping to underpin appetite for Treasuries.

> The 10-year US Treasury note yield weakened to 1.297 percent, while the 30-year Treasury bond rate slid to 1.920 percent. The 2-year Treasury note yield eased to 0.223 percent.

> Today, 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

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

**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	0.2315	0.790
UK Bonds	0.156	0.366
German Bonds	-0.677	-0.626

**Money Market Rates**

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.581	-0.575	-0.554	-0.527
USD	0.092	0.091	0.126	0.151
GBP	0.042	0.052	0.080	0.095
EURIBOR	-0.573	-0.559	-0.546	-0.513

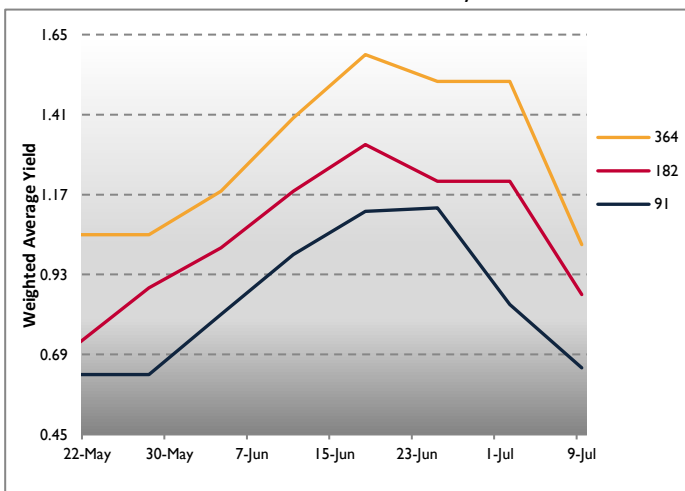
\* LIBOR rates delayed by 48 hours. Source: ICE

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

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.489	-0.346	-0.218	-0.025
USD LIBOR - 3m	0.323	0.877	1.099	1.311

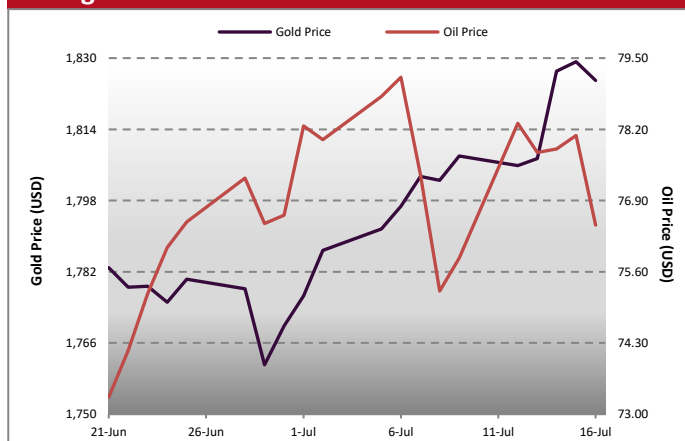
\*Pay fixed and receive floating swap

**Auction Results of Treasury Bills**



**COMMODITIES**

**Rolling Gold & Oil Prices**



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**News**

> Gold prices climbed on Thursday for a third session in a row as investors took comfort from Fed Chair Jerome Powell's stance that the US central bank would continue to support the economy. Safe haven flows amid increased investor anxiety also supported the yellow metal.

> A strong dollar and rising expectations that OPEC+ might not be as disciplined in gradually increasing output next year weighed on oil. Prices could drift lower until clarity emerges over the ratification of OPEC+ production and as everyone awaits next month's resumption of Iran nuclear deal revival negotiations.

> The latest OPEC monthly report emphasized on a gradual recovery in global oil demand, with an expected increase of 3.3 million barrels per day in 2022.

**Spot Market**

	Today	Change (\$)
Brent Crude Oil (\$)	76.46	(1.63)
Gold (\$)	1,826.00	(3.19)