

FOREIGN EXCHANGE MARKET

News

- > The USD index pushed higher and surpassed the 96 barrier to a new 16-month high during the previous day session, powered by a combination of risk aversion and higher US Treasury yields. However, the dollar lost some ground thereafter, prompting investors to question whether the rally is slowing down.
- > EUR/USD accelerated its downside to the 1.12 region on Wednesday but later recovered some lost ground on a dollar retreat. Market participants ignored the Eurozone 4.1 percent CPI figure showing inflation at a level not seen in years.
- > GBP/USD regained positive traction on Wednesday and jumped to a one-week high in reaction to hotter-than-expected UK inflation figure which reassures growing expectation of an imminent rate hike by the BoE in December.
- > USD/JPY slipped after hitting a four-and-a-half-year high on Wednesday as a softer tone around the equity markets benefitted the Japanese yen's safe haven status.
- > AUD/USD extended losses, hitting a six-week low under 0.7260, pressured by swelling inflation concerns in the financial markets, a stronger US dollar and the recent dovish tone of the Reserve Bank of Australia.
- > The USD/CAD pair strengthened for a second consecutive day, hitting a fresh seven-week high at 1.2610 on Wednesday, as lower oil prices and the bullish US dollar tone undermined the loonie.
- > The South African rand strengthened against a softer dollar while markets will be awaiting the SARB Monetary Policy Committee decision today.
- > The USD/MUR sees some respite overnight to open at MUR 43.48/USD, with the single currency trading just below the 1.1350 handle.

Daily Technical View

The Greenback saw its upside momentum pull back as it took a breather across the board. EUR/USD sold up sharply in yesterday's Asian session, trading a low of 1.1263 before settling back above 1.1320. Immediate resistance lies at 1.1350/70 while any further rallies into 1.1400/30 will be heavily sold. Support lies at 1.1260/80 and a clear break below will pave the way to major support at 1.1180/1.1200.

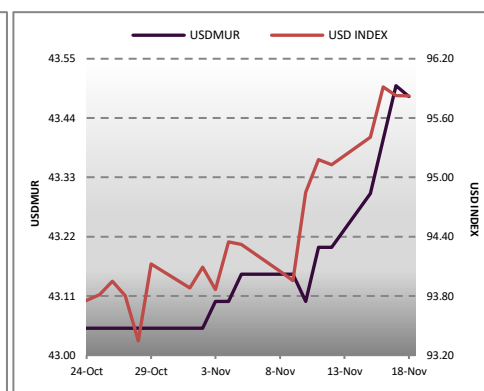
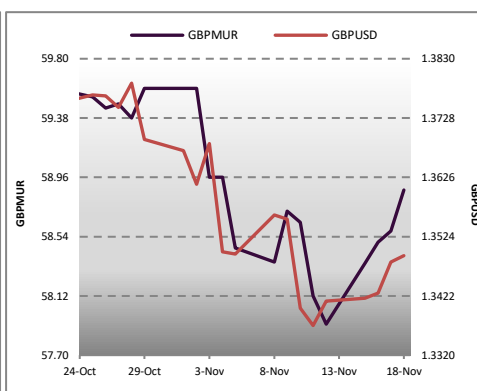
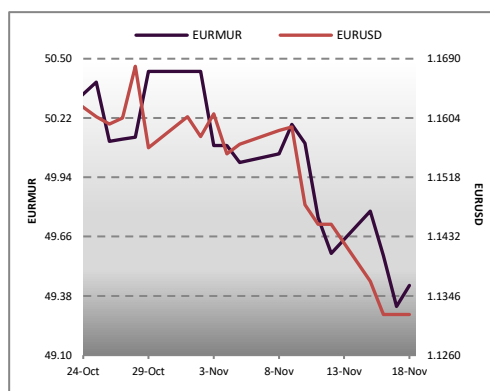
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.81	(0.03)	32.04	(0.03)
CNYMUR	6.67	0.01	7.01	0.01
EURMUR	47.99	0.10	49.43	0.10
JPYMUR	36.96	0.24	38.44	0.25
ZARMUR	2.71	0.02	2.89	0.03
USDMUR	42.58	(0.02)	43.48	(0.02)
GBPMUR	57.16	0.29	58.87	0.29

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.80	30.78	30.74	32.06	32.12	32.22
EURMUR	47.98	47.97	47.94	49.49	49.63	49.87
ZARMUR	2.69	2.66	2.60	2.89	2.88	2.88
USDMUR	42.56	42.52	42.43	43.51	43.59	43.73
GBPMUR	57.15	57.12	56.99	58.91	59.01	59.13



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7268	0.7278	0.7252	0.7279
EURUSD	1.1318	1.1337	1.1316	1.1321
GBPUSD	1.3482	1.3503	1.3484	1.3492
USDJPY	114.05	114.27	113.89	114.23
USDCHF	0.9279	0.9289	0.9270	0.9287
USDCNH	6.37	6.38	6.37	6.38

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	36,142.22	(0.58)
S&P 500	4,688.67	(0.26)
FTSE 100	7,291.20	(0.49)
DAX	16,251.13	0.02
CAC 40	7,156.85	0.06
NIKKEI 225	29,465.25	(0.75)
HANGSENG	25,288.66	(1.41)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
17-Nov	07 00	UK	Consumer Price Index (YoY)	Oct	4.2%	3.9%	3.1%
17-Nov	13 30	CA	BoC CPI Core (YoY)	Oct	3.8%	3.5%	3.7%
18-Nov	13 30	US	Initial Jobless Claims	Nov	-	260K	267K
19-Nov	07 00	UK	Retail Sales (YoY)	Oct	-	-2.0%	-1.3%

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 retreated across the board yesterday, as investors focused on the risk that tighter Fed policy would hurt the US recovery.
- > Yields dropped as market participants assessed the potential impact of the Federal Reserve future policy path. Ten- and 30-year yields edged lower despite the elevated inflation environment.
- > The yield on the 10-year US Treasury note fell by 2.8 basis points to trade at 1.604 percent, while the 2-year note yield dropped 1.8 basis points to 0.502 percent. The long bond yield gave away 2 basis points to trade at 1.997 percent.
- > Since September, the sharp rise in Treasury yields at the short end of the yield curve has been driven by growing expectation that the Federal Reserve will move more quickly than previously anticipated to tighten policy and rein in inflation. Longer-dated yields have been volatile but within a range over the past month.
- > The result of the Ten-Year Government of Mauritius Bonds was as follows: out of 18 bids submitted, only 8 were successful, with the weighted average yield published at 4.36 percent and the bid to cover ratio at 2.8.
- > Tomorrow, the Bank of Mauritius will hold the auction for the 182-Day Government of Mauritius Treasury Bills for a nominal amount of MUR 800 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	0.95	0.80
10M	1.00	0.85
1Y	1.05	0.90

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Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	2.10	1.90
3 year	2.45	2.25
4 Year	2.75	2.55
5 Year	3.05	2.80
10 Year	4.35	4.10
15 year	4.60	4.35
20 Year	4.85	4.60

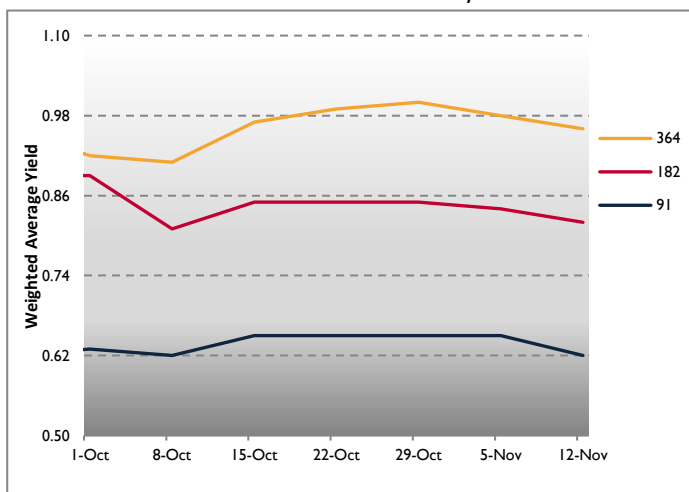
Key Central Bank Rates

	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	0.5062	1.234
UK Bonds	0.563	0.721
German Bonds	-0.725	-0.563

Auction Results of Treasury Bills



Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.582	-0.579	-0.571	-0.550
USD	0.073	0.089	0.160	0.228
GBP	0.040	0.056	0.109	0.312
EURIBOR	-0.571	-0.563	-0.558	-0.530

* LIBOR rates delayed by 48 hours. Source: ICE

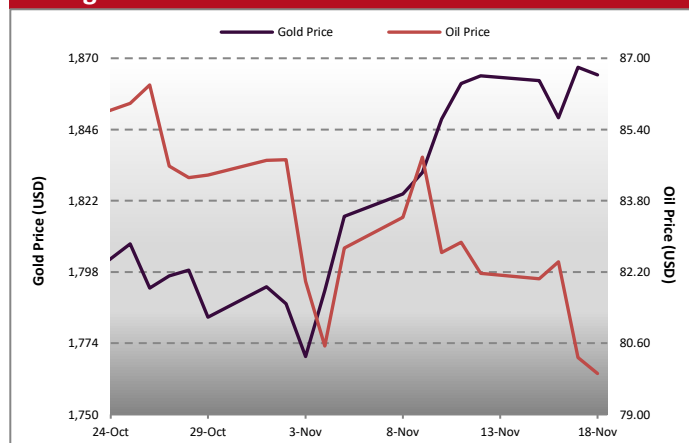
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.360	-0.114	0.001	0.181
USD LIBOR - 3m	0.752	1.338	1.503	1.630

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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News

- > Oil prices dipped this morning in Asia, adding to an overnight plunge, as China announced it was moving to release reserves after US has asked some of the world's largest oil consuming nations - including China, India and Japan - to consider releasing crude stockpiles in a coordinated effort to lower global energy prices.
- > The US and allies had coordinated strategic petroleum reserve releases before, in 2011 during a war with OPEC member Libya
- > Gold hit its highest levels since June as heightened inflation worries pushed investors to the safe-haven bullion. A softer dollar and a retreat in US bond yields also lifted the yellow metal's appeal.

	Spot Market	
	Today	Change (\$)
Brent Crude Oil (\$)	83.03	(0.58)
Gold (\$)	1,865.45	(1.51)