

FOREIGN EXCHANGE MARKET

News

- > The greenback pared intra-day losses made earlier on Wednesday and climbed against majority of its peers in New York afternoon on Federal Reserve rate hike and less dovish Central Bank FOMC statement.
- > In a widely anticipated decision, the Federal Reserve hiked interest rates by 25 basis points and forecasted fewer rate increases next year than it had at its September policy meeting.
- > The EUR/USD rallied to 1.1440 supported by news that Italy had struck a deal with the European Commission over its contested 2019 budget. However, euro then tumbled to as low as 1.1365 in New York afternoon on dollar broad-based strength.
- > The GBP/USD pair fell to 1.2606 weighed by softer-than-expected UK inflation. The Bank of England will reveal the result of its latest monetary policy meeting this Thursday, although no changes are expected.
- > The USD/JPY barely moved after the Bank of Japan left interest rates unchanged as expected at its monetary policy meeting this morning.
- > AUD/USD weakened to 0.7095 undermined by the unexpected rise in the Aussie unemployment rate and the drop in the full-time jobs.
- > The NZD edged lower against the greenback after New Zealand economic growth slumped to its lowest in almost five years in the third quarter.
- > The Canadian dollar weakened to a 1-1/2-year low against the greenback on Wednesday, pressured by softer-than-expected domestic inflation data.
- > The Pound Sterling continues its fall on the local market, shedding 18 cents against the Rupee, with the market now awaiting the BOE interest rate decision later today.

Daily Technical View

EUR/USD - The EUR retreated from a session high of 1.1440 EUR to trade to a low of 1.1365 against the USD after the US Federal Reserve raised its benchmark rates by 25 bps to a range of 2.25-2.50 percent. The market needs to digest the Fed's statement which was not as dovish as expected, with two more rate hikes forecasted in 2019. On the technical front the key 1.1265-1.1445 levels we highlighted were both tested and held in the run-up to the FOMC meeting, intra-day we expect to trade in a 1.1320-1.1430 range.

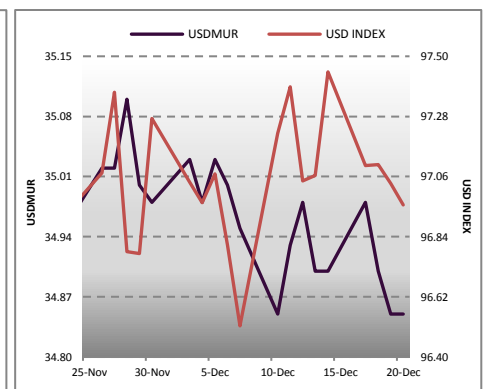
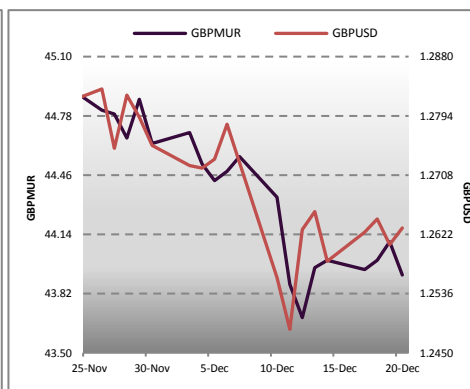
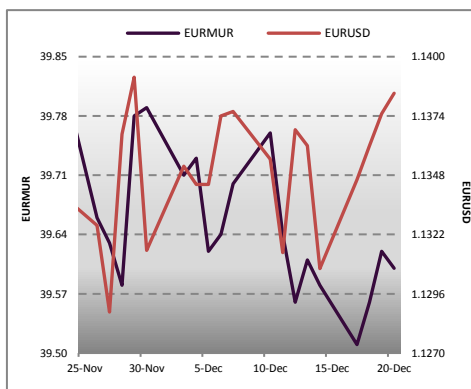
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	23.99	(0.33)	24.95	(0.34)
CNYMUR	4.91	(0.01)	5.16	(0.01)
EURMUR	38.45	(0.02)	39.60	(0.02)
JPYMUR	29.93	-	31.13	-
ZARMUR	2.33	(0.01)	2.45	(0.01)
USDMUR	33.95	-	34.85	-
GBPMUR	42.64	(0.18)	43.92	(0.18)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	24.00	24.01	24.04	25.00	25.06	25.19
EURMUR	38.56	38.78	39.12	39.74	40.02	40.47
ZARMUR	2.32	2.31	2.27	2.45	2.44	2.42
USDMUR	33.97	33.98	34.00	34.89	34.96	35.06
GBPMUR	42.72	42.87	43.10	44.03	44.25	44.60



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7106	0.7125	0.7091	0.7093
EURUSD	1.1375	1.1390	1.1372	1.1386
GBPUSD	1.2609	1.2636	1.2610	1.2636
USDJPY	112.47	112.60	112.21	112.26
USDCHF	0.9942	0.9954	0.9937	0.9951
USDCNH	6.90	6.91	6.90	6.91

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	23,675.64	(1.49)
S&P 500	2,506.96	(1.54)
FTSE 100	6,765.94	0.96
DAX	10,766.21	0.24
CAC 40	4,777.45	0.49
NIKKEI 225	20,396.99	(2.82)
HANGSENG	25,488.46	(1.46)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
19-Dec	09 30	UK	Core Consumer Price Index (YoY)	Nov	1.8%	1.8%	1.9%
19-Dec	19 00	US	Fed Interest Rate Decision	-	2.50%	2.50%	2.25%
20-Dec	00 30	AU	Unemployment Rate s.a.	Nov	-	5%	5%
20-Dec	12 00	UK	BoE Interest Rate Decision	-	-	-	0.75%

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

News

- > Long-dated Treasury yields fell after the Federal Reserve raised interest rates by a quarter percentage point to a range between 2.25 percent and 2.5 percent, as expected.
- > The 10-year Treasury note yield as down by 1.5 basis points to 2.808 percent. The 2-year note yield rose by 1.2 basis points to 2.664 percent, while the 30-year bond yield saw the most decisive move, slipping 4.8 basis points to 3.029 percent.

- > The 10-year Italian government bond yield plunged 18.3 basis points to 2.767 percent, near its lowest level since September.
- > Tomorrow, the Bank of Mauritius will issue the 91-Day, 182-Day and the 364-Day Bank of Mauritius bills, for a nominal amount of MUR 1,500 Mio.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	3.15	-
2M	3.25	-
3M	3.40	3.25
4M	3.48	-
6M	3.56	3.41
8M	3.60	-
10M	3.65	-
1Y	3.70	3.55

Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	4.10	3.90
3 year	4.40	4.20
4 Year	4.75	4.55
5 Year	5.10	4.85
10 Year	5.50	5.25
15 year	6.13	5.88
20 Year	6.20	5.95

Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	3.50	3.50
Fed Funds Rate	2.25 - 2.50	2.00 - 2.25
BoE Bank Rate	0.75	0.75
ECB Ref. Rate	0.0	0.0
RBA Cash Rate	1.50	1.50

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	2.654	2.624
UK Bonds	0.731	0.897
German Bonds	-0.605	-0.285

Money Market Rates

LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.430	-0.416	-0.350	-0.317
USD	2.368	2.479	2.790	2.871
GBP	0.705	0.730	0.913	1.023
EURIBOR	-0.378	-0.369	-0.311	-0.238

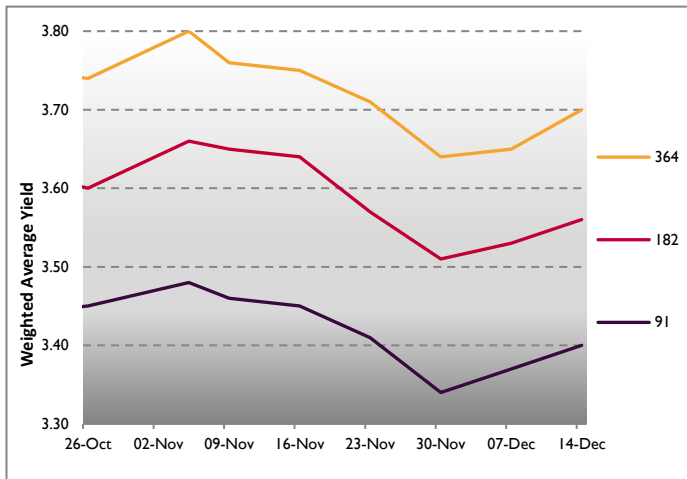
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.213	0.180	0.445	0.778
USD LIBOR - 3m	2.768	2.677	2.701	2.773

*Pay fixed and receive floating swap

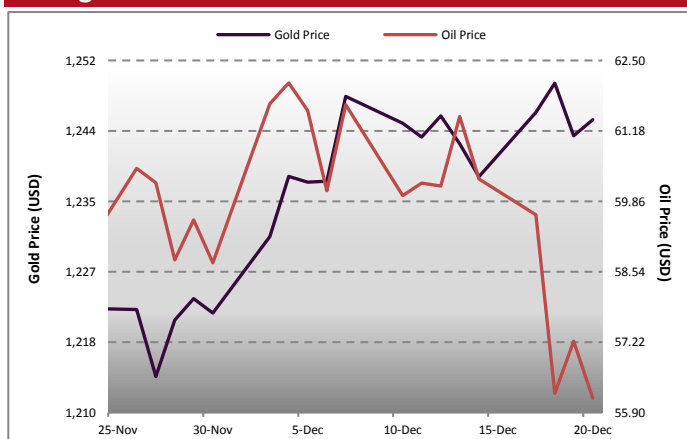
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Local Treasury Bills Market



COMMODITIES

Rolling Gold & Oil Prices



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News

- > Oil prices resume decline this morning and failed to hold on to previous gains gathered earlier in the week amid worries about oversupply and the outlook for the global economy. Traders will tend to shut their positions as from today after the last big risk event as this week has been a volatile one in the oil market.
- > Gold prices initially skyrocketed to USD 1,262.10 in yesterday's session, a six month high, before giving up all the gains after the Federal Reserve raised interest rates for the fourth and last time this year as widely expected. At the time of writing, the precious metal has dropped to USD 1,245.03.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	55.56	0.35	56.25	(0.99)
Gold (\$)	1,244.98	1.97	1,243.20	(8.90)