

FOREIGN EXCHANGE MARKET

News

- > The dollar ended the week higher against majority of its peers on Friday except the safe-haven jpy as a fall in US stocks triggered risk-averse buying in USD amid concerns over Omicron and hawkish comments by Fed officials.
- > EUR/USD gave back gains and closed the week at 1.1237. The market sentiment was downbeat on Friday, spurred by monetary policy decisions by three of the most important Central Banks and investors assessing those decisions and rebalancing their portfolios.
- > GBP/USD edged lower to 1.3235 on Friday from a high of 1.3376, hit in the aftermath of BoE rate decision on Thursday. The worsening COVID-19 situations in the UK turned out to be a key factor that undermined the British pound.
- > USD/JPY dropped to 113.14 on Friday amid a risk-off market mood.
- > The Australian and New Zealand dollars were back on the defensive in Asia this morning as the rapid rise of coronavirus cases forced more restrictions in Europe and dimmed the outlook for global growth. Moreover, AUD/USD remained pressured towards 0.7100 on PBOC's unexpected rate cut decision. The Chinese central bank slashed the one-year loan prime rate by 5bps to 3.80 percent in December.
- > The Canadian dollar weakened against its US counterpart on Friday as the fast-spreading Omicron coronavirus variant and the more hawkish stance of major central banks weighed on investor sentiment.
- > Risk-off moves on the international markets drive the US dollar 5 cents higher against the Mauritian rupee while EUR/MUR and GBP/MUR drop 31 and 35 cents respectively.

Daily Technical View

EUR/USD - On Friday the single currency tumbled from a session high of 1.1349 to a low of 1.1237 as the market turned risk-averse following the rise in Omicron infection rates worldwide. Last week the key technical levels of 1.1225-1.1355 were both tested and held, but following the Central banks divergence in interest rate outlook between the US Federal Reserve and the ECB, the bias is for a break lower towards the year's low at 1.1186 and further out to 1.1105 next support level.

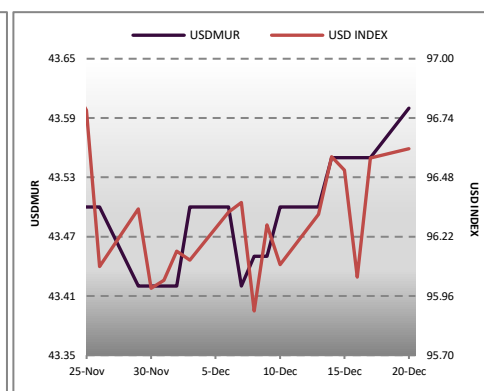
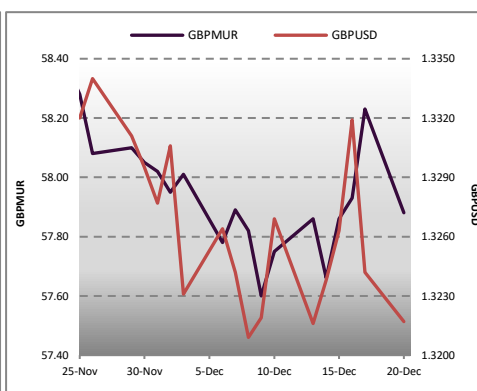
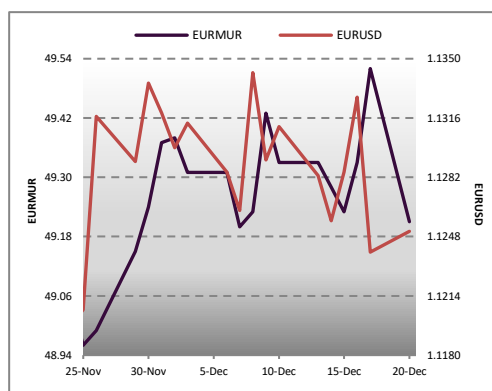
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.22	(0.16)	31.43	(0.17)
CNYMUR	6.68	-	7.02	-
EURMUR	47.78	(0.30)	49.21	(0.31)
JPYMUR	37.24	0.05	38.73	0.05
ZARMUR	2.63	-	2.80	-
USDMUR	42.70	0.05	43.60	0.05
GBPMUR	56.19	(0.34)	57.88	(0.35)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.20	30.19	30.14	31.45	31.53	31.60
EURMUR	47.77	47.75	47.69	49.27	49.41	49.62
ZARMUR	2.61	2.57	2.51	2.80	2.80	2.79
USDMUR	42.68	42.64	42.52	43.63	43.71	43.81
GBPMUR	56.17	56.13	55.98	57.91	58.00	58.10



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7124	0.7138	0.7098	0.7107
EURUSD	1.1240	1.1255	1.1235	1.1257
GBPUSD	1.3244	1.3244	1.3220	1.3223
USDJPY	113.62	113.72	113.42	113.45
USDCHF	0.9241	0.9245	0.9232	0.9233
USDCNH	6.38	6.39	6.38	6.39

Major Indices

	Value at Close	Day Change %
DOW JONES	35,897.64	(1.48)
S&P 500	4,620.64	(1.03)
FTSE 100	7,269.92	0.13
DAX	15,531.69	(0.67)
CAC 40	6,926.63	(1.12)
NIKKEI 225	27,950.11	(2.09)
HANGSENG	22,842.39	(1.51)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
17-Dec	07 00	UK	Retail Sales (YoY)	Nov	4.7%	-	-1.5%
17-Dec	10 00	EU	Consumer Price Index (YoY)	Nov	4.9%	4.9%	4.9%
21-Dec	00 30	AU	RBA Meeting Minutes	-	-	-	-
21-Dec	13 30	CA	Retail Sales (MoM)	Oct	-	1.2%	-0.6%

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 bond yields were lower on Friday as traders assessed the recent hawkish Federal Reserve stance, with the Central Bank trying to balance rising inflation against the economic toll of the Omicron coronavirus variant.
- > The yield on the benchmark 10-year Treasury note fell by 2 basis points to 1.40 percent while yield on the 30-year Treasury bond moved 3 basis points lower to 1.83 percent.
- > Yields on the US 10-year notes extended losses this morning and were down at 1.38 percent and well below their 2021 top of 1.776 percent.
- > The spread between yields on the 5-year and 30-year Treasury bonds was at 63.6 basis points, flatter on Friday but holding on to some of Thursday's sharp steepening move.
- > The Bank of Mauritius allotted MUR 1,000 Mio for the 182-Day Government of Mauritius Treasury Bills at the weighted average rate of 0.68 percent. As for the 91-Day and 364-Day Bank of Mauritius Treasury Bills, the average yields were at 0.60 and 0.78 percent respectively.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	0.50	0.35
2M	0.55	0.40
3M	0.65	0.50
4M	0.67	0.52
6M	0.71	0.56
8M	0.74	0.59
10M	0.77	0.62
1Y	0.80	0.65

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

Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	1.95	1.75
3 year	2.35	2.15
4 Year	2.70	2.50
5 Year	3.05	2.80
10 Year	4.25	4.00
15 year	4.55	4.30
20 Year	4.85	4.60

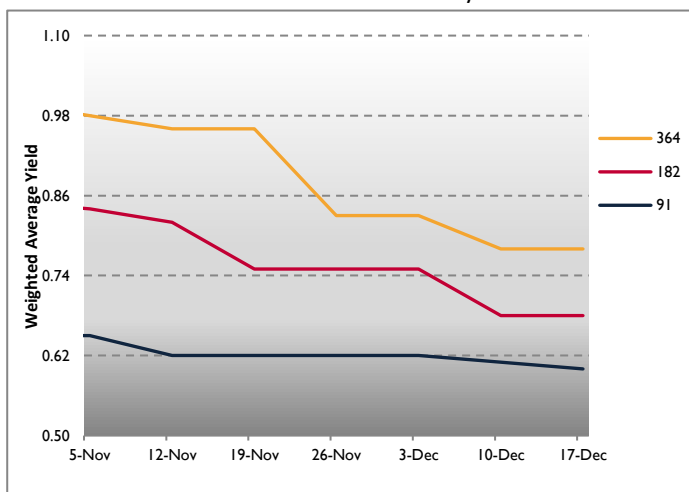
Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	1.85	1.85
Fed Funds Rate	0.00 - 0.25	0.00 - 0.25
BoE Bank Rate	0.25	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	0.6114	1.131
UK Bonds	0.531	0.624
German Bonds	-0.706	-0.604

Auction Results of Treasury Bills



Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.586	-0.683	-0.615	-0.567
USD	0.076	0.103	0.213	0.313
GBP	0.186	0.179	0.222	0.394
EURIBOR	-0.588	-0.611	-0.581	-0.551

* LIBOR rates delayed by 48 hours. Source: ICE

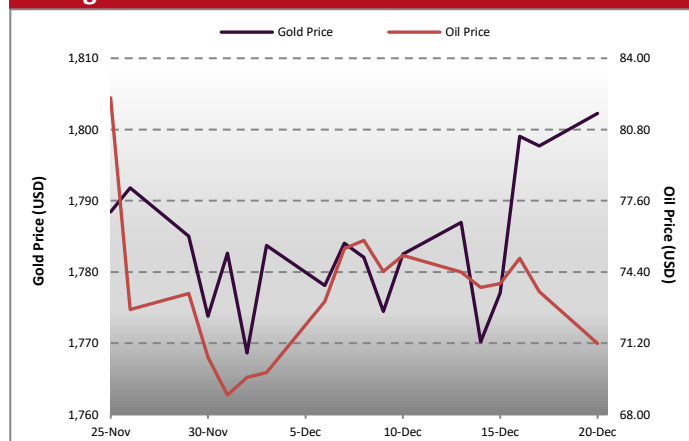
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.394	-0.162	-0.073	0.083
USD LIBOR - 3m	0.867	1.232	1.325	1.432

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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

News

- > Oil prices extended losses this morning during the Asian session as surging cases of the Omicron coronavirus variant raised fears that new restrictions may hit fuel demand.
- > Fears over the rapidly spreading Omicron coronavirus variant continue to enhance the metal's safe-haven appeal while a stronger dollar capped gains in the bullion.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	73.50	(1.77)
Gold (\$)	1,804.16	6.48