

FOREIGN EXCHANGE MARKET

News

- > The greenback gained across the board due to falling US yields on Monday as a rise in global Covid variant cases together with a fall in stocks triggered broad-based risk-aversion.
- > EUR/USD pair fell to a fresh three-month low of 1.1763 to settle just below the 1.1800 level ahead of the ECB meeting on Thursday.
- > GBP/USD pair fell to 1.3655, a level last seen in February 2021 as the pound was hit by Brexit news over the weekend that the UK will demand the EU more flexibility over the Northern Ireland Protocol. The pound was also weak after UK Health Minister Sajid Javid announced that he had tested positive for COVID-19 and was in self-isolation, which forced PM Boris Johnson and Finance Minister Rishi Sunak into quarantine.
- > USD/JPY dipped to 109.06, its lowest since May 26, undermined by a slide in benchmark US Treasury yields.
- > AUD/USD extended its latest decline to reach a new 2021 low of 0.7323 as the rising number of coronavirus cases in Australia weighed on the Aussie. The RBA released its latest meeting minutes wherein the policymakers reiterated their rejection of the rate hike before 2024.
- > The People's Bank of China kept Loan Prime Rates for one year and five years intact around 3.85 percent and 4.65 percent, as expected.
- > The Canadian dollar tumbled to 1.2807 a five-month low against its US counterpart on Monday amid slumping crude oil prices while a worldwide surge in coronavirus cases weighed on investor sentiment.
- > South Africa rand weakened on Monday on the back of a strong dollar as investors rushed to the greenback due to a global surge in coronavirus cases.
- > The USD/MUR maintains the MUR 43.00/USD level while the EUR sheds a further 6 cents this morning to open at MUR 50.88/EUR.

Daily Technical View

EUR/USD - Yesterday the EUR traded to a session low of 1.1765 against the USD as market mood turned risk-off following a global sell-off in equities on worries about the rapid spread of the Covid-19 Delta variant worldwide, before recovering to 1.1824 on falling US yields. Intra-day we expect trading to be in a 1.1740/1.850 range and on the wide 1.1705/1.1895.

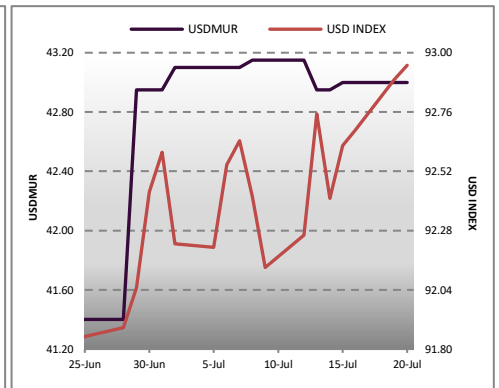
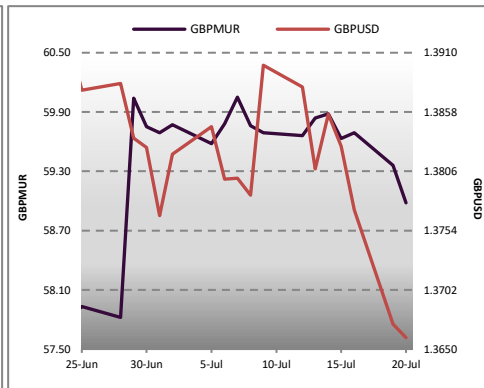
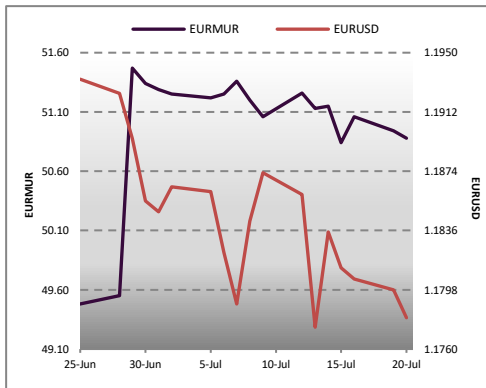
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.68	(0.26)	31.91	(0.27)
CNYMUR	6.47	(0.01)	6.80	(0.01)
EURMUR	49.40	(0.06)	50.88	(0.06)
JPYMUR	38.09	0.18	39.61	0.18
ZARMUR	2.84	(0.02)	3.02	(0.03)
USDMUR	42.10	-	43.00	-
GBPMUR	57.26	(0.37)	58.98	(0.38)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.67	30.66	30.62	31.94	32.01	32.13
EURMUR	49.39	49.38	49.33	50.94	51.08	51.32
ZARMUR	2.82	2.79	2.73	3.02	3.01	3.01
USDMUR	42.08	42.03	41.94	43.03	43.09	43.23
GBPMUR	57.25	57.22	57.13	59.02	59.12	59.30



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7343	0.7357	0.7318	0.7324
EURUSD	1.1799	1.1802	1.1781	1.1784
GBPUSD	1.3676	1.3689	1.3659	1.3662
USDJPY	109.42	109.60	109.38	109.49
USDCHF	0.9179	0.9195	0.9179	0.9195
USDCNH	6.49	6.50	6.49	6.49

Major Indices

	Value at Close	Day Change %
DOW JONES	34,687.85	(2.09)
S&P 500	4,258.49	(1.59)
FTSE 100	6,844.39	(2.34)
DAX	15,133.20	(2.62)
CAC 40	6,295.97	(2.54)
NIKKEI 225	27,485.77	(0.60)
HANGSENG	27,149.59	(1.24)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
20-Jul	01 30	CN	PBoC Interest Rate Decision	-	3.85%	-	3.85%
20-Jul	06 00	DE	Producer Price Index (MoM)	Jun	-	0.7%	1.5%
21-Jul	00 30	AU	Westpac Leading Index (MoM)	Jun	-	-	-0.06%
21-Jul	01 30	AU	Retail Sales s.a. (MoM) PREL	Jun	-	-0.5%	0.4%

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 Treasuries rallied yesterday, driving the yield on the 10-year note below 1.18 percent to a five-month low, as investors worried about the spread of the delta variant of the coronavirus that causes COVID-19 sought safety in bonds.

> Global equity markets and other assets viewed as risky were under pressure, with much of the blame attributed to jitters around the rate of infection of the delta variant, driving investors to seek safety in Treasuries and other so-called core government debt, such as German bunds.

> The yield on the 10-year US Treasury note retreated below 1.18 percent, while the 2-year Treasury note yield dropped 1.6 basis points to trade at 0.210 percent. The 30-year Treasury bond yield gave away 11.5 basis points to 1.816 percent.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	0.45	0.30
2M	0.55	0.40
3M	0.65	0.50
4M	0.70	0.55
6M	0.80	0.65
8M	0.83	0.68
10M	0.86	0.71
1Y	0.90	0.75

Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	1.35	1.15
3 year	2.20	2.00
4 Year	2.55	2.35
5 Year	3.00	2.75
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	0.2177	0.707
UK Bonds	0.075	0.283
German Bonds	-0.687	-0.656

Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.577	-0.574	-0.555	-0.524
USD	0.090	0.084	0.134	0.152
GBP	0.043	0.053	0.077	0.099
EURIBOR	-0.562	-0.557	-0.548	-0.515

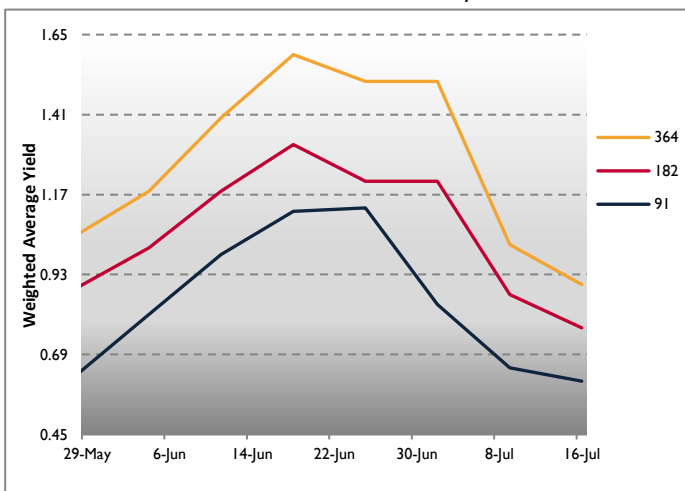
* LIBOR rates delayed by 48 hours. Source: ICE

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.477	-0.365	-0.252	-0.067
USD LIBOR - 3m	0.298	0.779	0.986	1.172

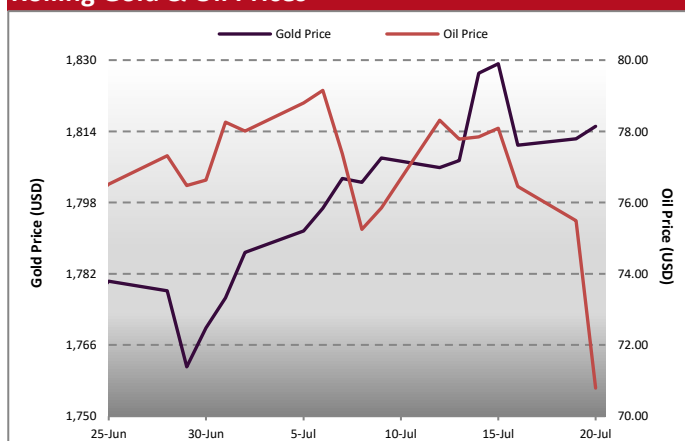
*Pay fixed and receive floating swap

Auction Results of Treasury Bills



COMMODITIES

Rolling Gold & Oil Prices



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News

> A slide in US Treasury yields and concerns over a relentless surge in Delta variant infections that could threaten the global economic recovery helped gold prices to recover. However, a stronger dollar capped the bullion's gains.

> Oil prices plunged more than 6 percent on Monday, driven down both by worries about future demand with a resurgence of Covid-19 infections and by an OPEC+ agreement to increase supply.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	70.80	(4.69)
Gold (\$)	1,815.64	3.30