

FOREIGN EXCHANGE MARKET

News

- > The dollar fell to a one-month low on Thursday, after the Federal Reserve signalled fewer rate hikes over the next two years and expressed caution about the US economic outlook, lessening the appeal of dollar-denominated assets.
- > The EUR/USD pair soared in Europe to a daily high of 1.1485 as the market chose to dump the greenback following the latest Fed announcement. This Friday, Germany will release the GfK Consumer Confidence Survey, while the US will release the final version of Q3 GD Durable Goods Orders.
- > The GBP/USD traded as high as 1.2706 backed by solid UK retail sales before retreating to 1.2630 level as the Bank of England expectedly left policy rates unchanged while downgrading its near-term forecast for both growth and inflation while pointing at Brexit risk and risk of a global slowdown.
- > The USD/JPY retreated to 110.80 a level last seen in September this year while risk aversion in the broader markets boosted the yen.
- > The Swedish currency, meanwhile edged higher against the USD on Thursday after its central bank raised interest rates for the first time in more than seven years.
- > South African rand firmed on Thursday, recouping some of its overnight losses as the dollar fell on growing concerns that US policymakers may keep raising interest rates just as the world biggest economy faces a slowdown.
- > The Canadian dollar edged higher against its US counterpart on Thursday, steadying after it hit a 1-1/2-year low on Wednesday, as the greenback broadly declined and domestic data showed increases in jobs and wholesale trade
- > The US Dollar drops 15 cents this morning against the Rupee, with the US GDP data awaited later today.

Daily Technical View

The EUR rallied to a session high of 1.1485 against the USD on the expected end of year profit-taking on the long dollar trade. The upside stalled just ahead of the 100 DMA technical resistance at 1.1485, with a break targeting 1.1550 and further out 1.1685. On the downside 1.1320/60 levels are expected to provide support on pull-back.

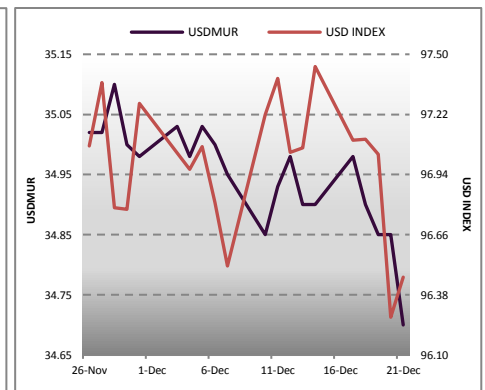
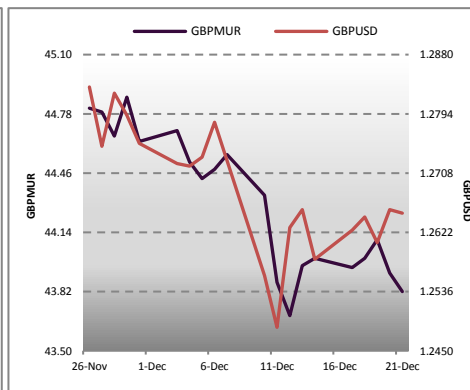
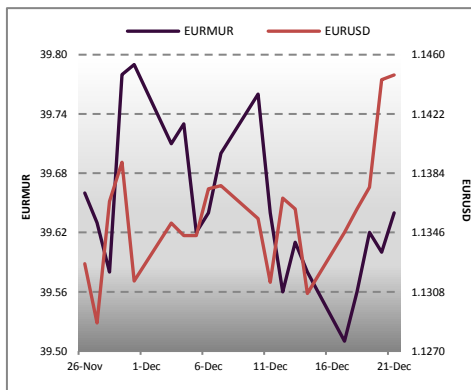
Market Highlights

Indicative Spot Rates

| | Bid | | Offer | |
|--------|-------|--------------|-------|--------------|
| | Today | Change (Rs.) | Today | Change (Rs.) |
| AUDMUR | 23.92 | (0.07) | 24.88 | (0.07) |
| CNYMUR | 4.90 | (0.01) | 5.15 | (0.01) |
| EURMUR | 38.49 | 0.04 | 39.64 | 0.04 |
| JPYMUR | 30.04 | 0.11 | 31.24 | 0.11 |
| ZARMUR | 2.32 | (0.01) | 2.44 | (0.01) |
| USDMUR | 33.80 | (0.15) | 34.70 | (0.15) |
| GBPMUR | 42.54 | (0.10) | 43.82 | (0.10) |

Indicative Forward Rates

| | Bid | | | Offer | | |
|--------|-------|-------|-------|-------|-------|-------|
| | 1m | 3m | 6m | 1m | 3m | 6m |
| AUDMUR | 23.93 | 23.94 | 23.97 | 24.93 | 24.99 | 25.12 |
| EURMUR | 38.60 | 38.82 | 39.16 | 39.78 | 40.06 | 40.51 |
| ZARMUR | 2.31 | 2.30 | 2.26 | 2.44 | 2.43 | 2.41 |
| USDMUR | 33.82 | 33.83 | 33.85 | 34.74 | 34.81 | 34.91 |
| GBPMUR | 42.62 | 42.77 | 43.00 | 43.93 | 44.15 | 44.49 |



Previous Day Trading Levels

| | Previous Day Trading Levels | | | Today |
|--------|-----------------------------|--------|--------|--------|
| | Opening | High | Low | Latest |
| AUDUSD | 0.7109 | 0.7123 | 0.7105 | 0.7112 |
| EURUSD | 1.1445 | 1.1462 | 1.1440 | 1.1455 |
| GBPUSD | 1.2657 | 1.2680 | 1.2645 | 1.2660 |
| USDJPY | 111.28 | 111.45 | 111.09 | 111.45 |
| USDCHF | 0.9877 | 0.9881 | 0.9866 | 0.9874 |
| USDCNH | 6.89 | 6.91 | 6.89 | 6.90 |

Today

Major Indices

| | Value at Close | Day Change % |
|------------|----------------|--------------|
| DOW JONES | 23,323.66 | (1.99) |
| S&P 500 | 2,467.42 | (1.58) |
| FTSE 100 | 6,711.93 | (0.80) |
| DAX | 10,611.10 | (1.44) |
| CAC 40 | 4,692.46 | (1.78) |
| NIKKEI 225 | 20,140.82 | (1.15) |
| HANGSENG | 25,620.33 | (0.01) |

Major Economic Releases (at GMT)

| Date | Time | Country | Event | Period | Actual | Expected | Prior |
|--------|-------|---------|--|--------|--------|----------|-------|
| 20-Dec | 00 30 | AU | Unemployment Rate s.a. | Nov | 5.1% | 5% | 5% |
| 20-Dec | 12 00 | UK | BoE Interest Rate Decision | - | 0.75% | - | 0.75% |
| 21-Dec | 13 30 | US | Gross Domestic Product Annualized | Q3 | - | 3.5% | 3.5% |
| 21-Dec | 13 30 | US | Core Personal Consumption Expenditures | Q3 | - | 1.5% | 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

News

- > Treasury yields barely moved on Thursday despite another big selloff in stocks a day after the Federal Reserve fourth interest-rate increase of 2018.
- > Wednesday rate move sparked an immediate rally in US government paper, but investors did not continue their rush into the perceived safety of bonds on Thursday.

- > The 10-year Treasury note yield was mostly unchanged at 2.787 percent, near its lowest levels since March. The 2-year note yield ticked 2.5 basis points higher to 2.671 percent, while the 30-year bond yield was down 0.6 basis point to 3.010 percent, its lowest point in more than three-month low.

- > Today, 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 |

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

Local Secondary Market T-Bonds

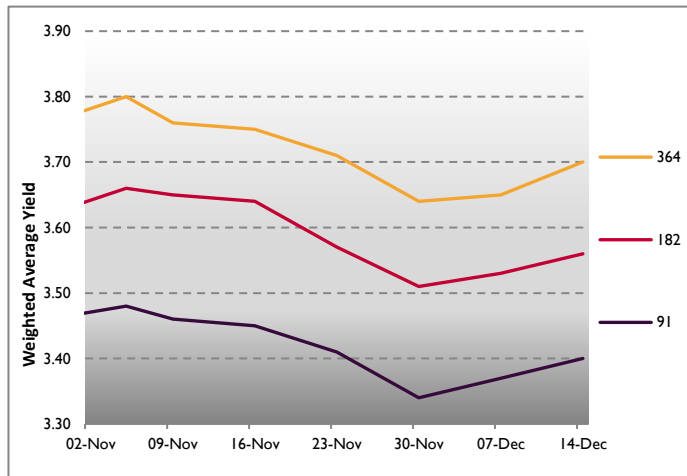
| | Bid (%) | Offer (%) |
|---------|---------|-----------|
| 2 year | 4.10 | 3.90 |
| 3 year | 4.40 | 4.20 |
| 4 Year | 4.75 | 4.55 |
| 5 Year | 5.10 | 4.85 |
| 10 Year | 5.50 | 5.25 |
| 15 year | 6.13 | 5.88 |
| 20 Year | 6.20 | 5.95 |

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 | 2.6827 | 2.679 |
| UK Bonds | 0.73 | 0.88 |
| German Bonds | -0.588 | -0.254 |

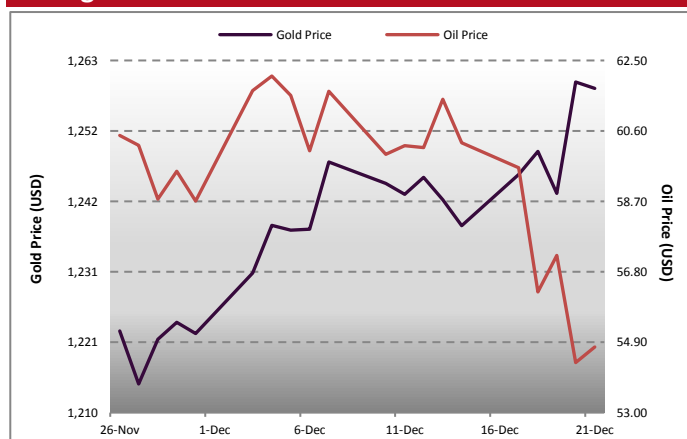
Local Treasury Bills Market

Money Market Rates

| LIBOR (%) | 1 Week | 1 Month | 3 Months | 6 Months |
|-----------|--------|---------|----------|----------|
| EUR | -0.429 | -0.414 | -0.351 | -0.315 |
| USD | 2.408 | 2.504 | 2.824 | 2.900 |
| GBP | 0.703 | 0.729 | 0.908 | 1.033 |
| EURIBOR | -0.378 | -0.369 | -0.309 | -0.238 |

Indicative Generic Swap Rates* (%)

| Tenor | 2yr | 5yr | 7yr | 10yr |
|----------------|--------|-------|-------|-------|
| EURIBOR - 3m | -0.213 | 0.180 | 0.444 | 0.782 |
| USD LIBOR - 3m | 2.815 | 2.753 | 2.783 | 2.840 |

*Pay fixed and receive floating swap

COMMODITIES
Rolling Gold & Oil Prices


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News

- > Oil prices fell to a 17-month low yesterday, touching USD 54.24, as the market digested the rate hike by the Fed this week and fears of surging US shale supplies worried investors. Losses were however capped on reports that the OPEC and mainly Saudi Arabia are planning to extend the supply cut more than expected.

- > Gold proved again to be the hedge of choice for investors fleeing tumbling stocks and a weakening dollar in the aftermath after the Fed's rate hike. The precious metal hit a six-month high of USD 1,265.65 yesterday as a less hawkish Federal Reserve boosted demand for the commodity.

| | Spot Market | | Futures Market | |
|----------------------|-------------|-------------|----------------|-------------|
| | Today | Change (\$) | Today | Change (\$) |
| Brent Crude Oil (\$) | 52.80 | (2.75) | 54.70 | 0.35 |
| Gold (\$) | 1,260.23 | 0.47 | 1,260.30 | (3.30) |