

FOREIGN EXCHANGE MARKET

News

- > The dollar advanced against its major peers in Asian Trade this morning, with investors turning to the safe-haven asset as many countries tightened restrictive measures against the COVID-19 virus. The dollar rebound came after it sank to 2 1/2-year lows last week, driven by optimism that a widening vaccine rollout would revive global growth.
- > EUR/USD ended the week around 1.2250, near its year high at 1.2272 while the macroeconomic calendar was quite scarce, as, on Friday, Germany published December IFO Business Climate, which came in better than anticipated, improving from 90.9 to 92.1. The pair however dropped to 1.2180 in Asia this morning.
- > GBP/USD pair weakened below the 1.3400 level, after Britain imposed tough new restrictions to stem a fast-spreading new coronavirus strain and on a lack of progress towards a Brexit deal while UK retail sales dropped by 3.8 percent in November, their biggest decline since the first lockdown in April.

- > USD/JPY pair fell sharply last week, finishing it around 103.30, not far from a daily low of 102.86 on broad dollar weakness.
- > AUD/USD stays pressured, eyeing 0.7550, as US stimulus-backed risk-on fades. Risk sentiment remains sour amid escalating coronavirus concerns.
- > South African rand firmed 14.5775 per dollar on Friday, extending its rally to a fifth session as global risk appetite linked to a record stimulus package in the United States and a buoyant Chinese economy continued to offset worries about domestic growth.
- > USD/MUR starts the week on a stronger note, gaining 10 cents to trade at MUR 39.85/USD on the offer.

Daily Technical View

EUR/USD - Despite news that US lawmakers reached a deal on a USD 900 billion Covid relief bill stimulus package the EUR tumbled to a session low of 1.2180 against the USD in Asia this morning, dragged down by fears of a No-Brexit deal and a round of pre-holidays take-profit. As we forecasted the 1.2280 level is expected to put a temporary cap in the pair's upside and a correction towards 1.2140 and in extension to 1.2050 is expected before a resumption of the uptrend.

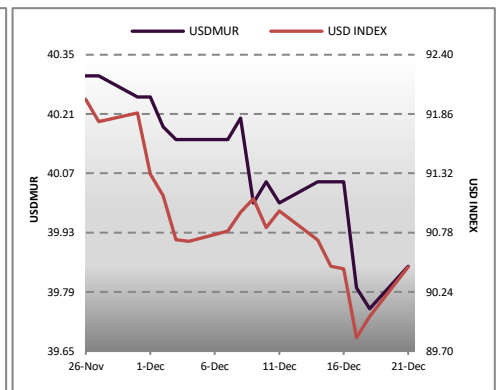
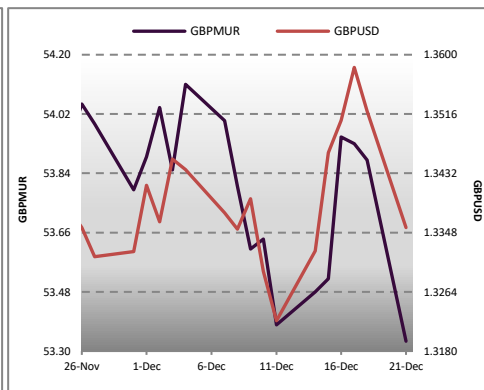
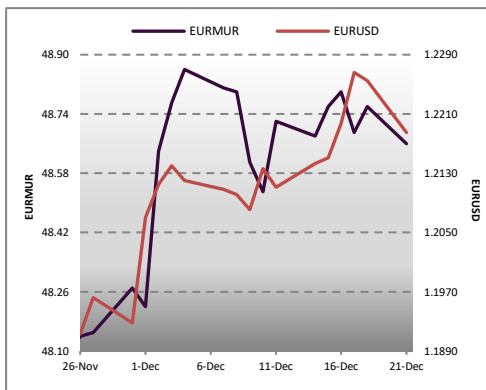
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	29.36	(0.03)	30.53	(0.04)
CNYMUR	5.95	-	6.25	-
EURMUR	47.24	(0.10)	48.66	(0.10)
JPYMUR	37.30	0.11	38.79	0.11
ZARMUR	2.60	-	2.77	-
USDMUR	38.95	0.10	39.85	0.10
GBPMUR	51.78	(0.53)	53.33	(0.55)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	29.37	29.41	29.47	30.58	30.69	30.85
EURMUR	47.33	47.52	47.80	48.78	49.03	49.43
ZARMUR	2.59	2.57	2.53	2.76	2.75	2.72
USDMUR	38.95	38.96	38.98	39.87	39.93	40.03
GBPMUR	51.83	51.93	52.08	53.40	53.58	53.85



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7597	0.7606	0.7558	0.7561
EURUSD	1.2240	1.2245	1.2180	1.2196
GBPUSD	1.3473	1.3478	1.3337	1.3349
USDJPY	103.37	103.55	103.26	103.45
USDCHF	0.8850	0.8869	0.8843	0.8866
USDCNH	6.52	6.54	6.52	6.53

Major Indices

	Value at Close	Day Change %
DOW JONES	30,303.37	(0.41)
S&P 500	3,709.41	(0.35)
FTSE 100	6,529.18	(0.33)
DAX	13,630.51	(0.27)
CAC 40	5,527.84	(0.39)
NIKKEI 225	26,661.38	(0.38)
HANGSENG	26,420.16	(0.30)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
18-Dec	07 00	UK	Retail Sales (MoM)	Nov	-3.8%	-4.2%	1.3%
18-Dec	13 30	CA	Retail Sales (MoM)	Oct	0.4%	0.2%	1.1%
22-Dec	07 00	UK	Gross Domestic Product (QoQ)	Q3	-	15.5%	15.5%
22-Dec	13 30	US	Gross Domestic Product Annualized	Q3	-	33.1%	33.1%

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

- > US Treasury yields ticked higher on Friday, with the 10-year benchmark logging a weekly rise, as investors tracked talks on Capitol Hill toward a USD 900 billion package of economic relief and vaccine developments as COVID-19 cases continue to surge.
- > The yield on the 10-year US Treasury note gained 1.8 basis points to trade at 0.947 percent, leaving it with a 5.5 basis point weekly rise, while the 2-year Treasury yield edged 0.2 basis point lower to 0.123 percent, leaving it up 0.2 basis point for the week. The yield on the 30-year Treasury bond rose by 2.4 basis points to 1.699 percent, up 7.3 basis points for the week.

- > The Bank of Mauritius received applications for the 91-Day Government of Mauritius Treasury Bills for a total amount of MUR 2,300 Mio but allotted only MUR 800 Mio at the weighted average rate of 0.23 percent.
- > As for the 182-Day and 364-Day Bank of Mauritius Bills, the Bank of Mauritius has received applications for a total amount of MUR 4,300 Mio and MUR 3,500 Mio respectively. However, only MUR 2,500 Mio was allotted for each tenor at the weighted average of 0.30 percent for the 182-Day Bank of Mauritius Bills and 0.39 percent for the 364-Day Bank of Mauritius Bills.

Market Highlights
Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	0.30	0.15
2M	0.30	0.15
3M	0.30	0.15
4M	0.32	0.17
6M	0.35	0.20
8M	0.38	0.23
10M	0.42	0.27
1Y	0.45	0.30

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

Local Secondary Market T-Bonds

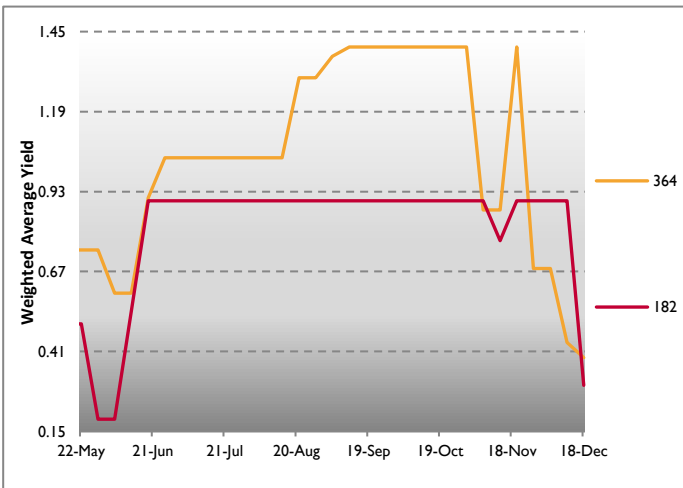
	Bid (%)	Offer (%)
2 year	1.00	0.80
3 year	1.30	1.10
4 Year	1.35	1.15
5 Year	1.55	1.30
10 Year	2.35	2.10
15 year	2.80	2.55
20 Year	3.10	2.85

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	0.25	0.25

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	0.119	0.367
UK Bonds	-0.088	-0.04
German Bonds	-0.725	-0.762

Auction Results of Treasury Bills

Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.570	-0.594	-0.568	0.537
USD	0.101	0.144	0.236	0.259
GBP	0.032	0.022	0.037	0.034
EURIBOR	-0.548	-0.560	-0.537	-0.520

* LIBOR rates delayed by 48 hours. Source: ICE

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.526	-0.482	-0.410	-0.274
USD LIBOR - 3m	0.219	0.450	0.657	0.931

*Pay fixed and receive floating swap

COMMODITIES
Rolling Gold & Oil Prices


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

News

- > Gold strengthened as investors welcomed the news that the US Congress reached a deal on the latest stimulus measures.
- > Oil prices fell in Asia this morning on concerns a mutation of Covid-19 discovered in the UK could speed transmission of the virus and lead to more lockdown measures.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	52.56	0.96
Gold (\$)	1,901.63	20.97