

FOREIGN EXCHANGE MARKET

News

- > The greenback ended the day lower against majority of its peers on Monday in thin trading conditions ahead of year-end due to Omicron concerns together with political woes in the US, with democrat Senator Joe Manchin rejecting the US President Joe Biden's Build Back Better program.
- > EUR/USD recovered on Monday after late Friday's slide to 1.1237 amid an ongoing deterioration in sentiment across financial markets and after the decisions from the Fed, the BOE and the ECB.
- > After dipping to 1.3174, GBP/USD trimmed some losses, reclaiming the 1.3200 figure despite the coronavirus outbreak in the UK. The British Prime Minister Boris Johnson stated on Monday that he would tighten coronavirus curbs to slow the spread of the Omicron variant if needed.
- > USD/JPY dropped to an intra-day low at 113.34 on broad-based yen buying before rebounding to 113.72 in tandem with US yields.
- > AUD/USD dipped to 0.7102 this morning despite minutes from the Reserve Bank of Australia last policy meeting showing the Central Bank was optimistic that the variant would not derail the country economic recovery.
- > The Canadian dollar weakened on Monday to its lowest level this year against the greenback, hitting 1.2964 ahead of the local retail sales data for October this Tuesday, which could help guide expectations for the Bank of Canada policy outlook.
- > The USD/MUR moves to a new all-time high of MUR 43.70/USD on the offer, with subdued trading expected with end of year festivities around the corner.

Daily Technical View

EUR/USD - Yesterday the EUR recovered to a session high of 1.1303 against the USD after Democrat Senator Joe Manchin said that he will not support President Biden USD 1.75 trillion Domestic Investment Bill. In the run-up to the Xmas holidays we expect quiet markets as liquidity dry out and the pair is likely to stay in the 1.1225-1.1350 range.

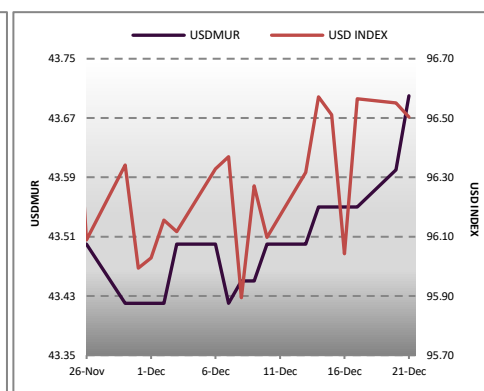
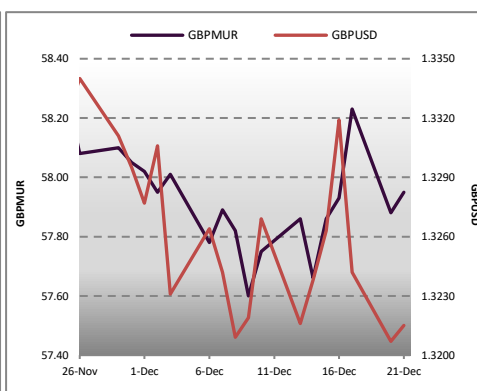
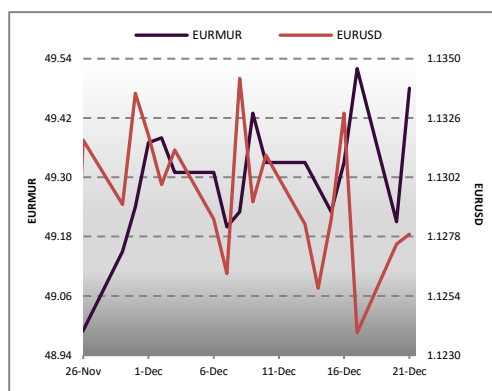
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.29	0.07	31.50	0.07
CNYMUR	6.70	0.02	7.04	0.02
EURMUR	48.04	0.26	49.48	0.27
JPYMUR	37.29	0.05	38.78	0.05
ZARMUR	2.66	0.03	2.83	0.03
USDMUR	42.80	0.10	43.70	0.10
GBPMUR	56.26	0.07	57.95	0.07

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.27	30.26	30.20	31.51	31.57	31.64
EURMUR	48.03	48.03	47.99	49.54	49.68	49.89
ZARMUR	2.64	2.60	2.55	2.82	2.82	2.81
USDMUR	42.78	42.73	42.60	43.73	43.79	43.88
GBPMUR	56.24	56.21	56.03	57.99	58.07	58.14



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7111	0.7122	0.7100	0.7120
EURUSD	1.1275	1.1287	1.1274	1.1282
GBPUSD	1.3205	1.3219	1.3198	1.3217
USDJPY	113.58	113.77	113.56	113.73
USDFX	0.9209	0.9221	0.9208	0.9221
USDCNH	6.38	6.38	6.38	6.38

Major Indices

	Value at Close	Day Change %
DOW JONES	35,365.44	(1.23)
S&P 500	4,568.02	(1.14)
FTSE 100	7,198.03	(0.99)
DAX	15,239.67	(1.88)
CAC 40	6,870.10	(0.82)
NIKKEI 225	28,491.52	1.98
HANGSENG	22,948.26	0.89

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
21-Dec	00 30	AU	RBA Meeting Minutes	-	-	-	-
21-Dec	13 30	CA	Retail Sales (MoM)	Oct	-	1.2%	-0.6%
22-Dec	07 00	UK	GDP (QoQ)	Q3	-	1.3%	1.3%
22-Dec	13 30	US	GDP Annualized	Q3	-	2.1%	2.1%

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

FIXED INCOME

News

> US Treasury yields rose slightly on Monday as investors grew concerned that the Omicron variant will derail the economic recovery. But market sentiment remains divided as escalating Omicron fears battle stimulus hopes.

> US 10-year Treasury yields stay mild after bouncing off from monthly lows, gaining 2.3 basis points to reach 1.42 percent.

> The two-year yield, which rises with traders' expectations of higher Fed fund rates, touched 0.6297 percent this morning compared with a US close of 0.63 percent on Monday.

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

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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

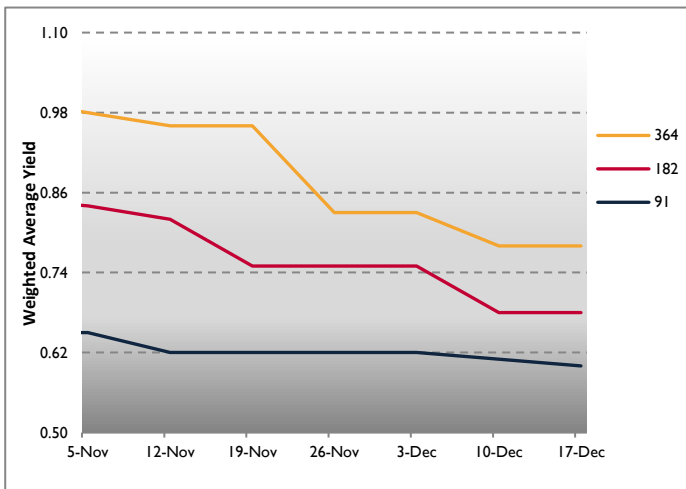
Key Central Bank Rates

	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	0.642	1.175
UK Bonds	0.556	0.64
German Bonds	-0.725	-0.605

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

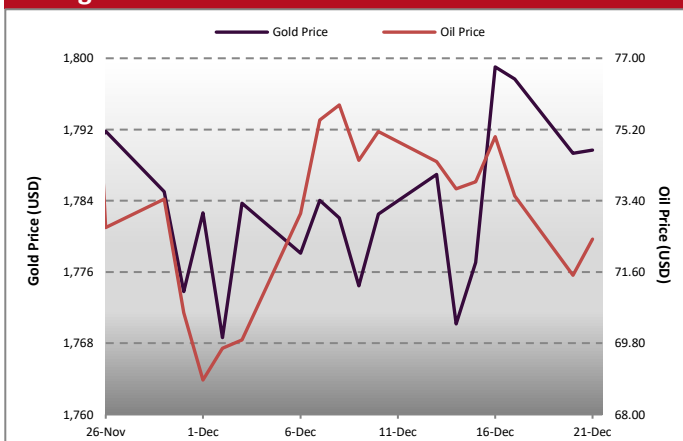
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.390	-0.156	-0.058	0.107
USD LIBOR - 3m	0.890	1.292	1.398	1.507

*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 took a dive on Monday amid fears of the demand destruction that could result from fresh lockdown measures taken to curb the spread of the new Omicron variant of the coronavirus.

> The bullion consolidates recent losses after consecutive two-day declines, hovering around the USD 1,790 level during the Asian session, as investors assess the impact of a deadlock over US President Joe Biden's Build Back Better plan, Sino-American tussles and surging Omicron Covid-19 variant cases.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	68.84	(4.65)
Gold (\$)	1,790.09	0.77