

FOREIGN EXCHANGE MARKET

News

- > The greenback ended the day mixed as a rebound in global stocks together with US yields allayed market fears over the spread of the delta coronavirus variant.
- > EUR/USD pair fell to 1.1755, a fresh three-month low, bouncing just modestly to settle in the 1.1780 price zone. With a light data calendar this Wednesday, traders are looking ahead to the European Central Bank meeting on Thursday.
- > GBP/USD fell to 1.3571, the lowest since February as Brexit jitters and pandemic developments undermined demand for the pound.
- > USD/JPY climbed to 109.95, boosted by a recovery in equity prices and higher US yields.
- > AUD/USD pair tumbled to 0.7297, a fresh 2021 low on Tuesday as the spread of the Delta variant in the country and the subsequent lockdowns are weighing heavily on the economy while aussie retail sales came in worse than expected this morning.
- > The Canadian dollar strengthened to 1.2673 against its US counterpart on Tuesday as oil and US equity markets rallied, with the currency recovering from a five-month low of 1.2807 hit on Monday.
- > South African rand remained weak trading around 14.68 per dollar as the fast spread of the Delta coronavirus variant made global investors nervous and drove a continued flight to safer assets.
- > The USD/MUR is still being offered at MUR 43.00/USD with the market hopeful for some inflows as from the end of week from corporate entities.

Daily Technical View

Concerns over the impact of the fast-spreading coronavirus variant drove risk reduction in FX markets as the greenback made further gains against most majors. EUR/USD broke through the 1.1780 support to trade a low of 1.1755. The pair is trading around 1.1770 this morning and a clear break below yesterday's low would trigger further downside towards 1.1710/30. Intraday resistance lies at 1.1800/20, and a close above would suggest that the recent downside pressure is waning and a retest of 1.1860/80 resistance is likely.

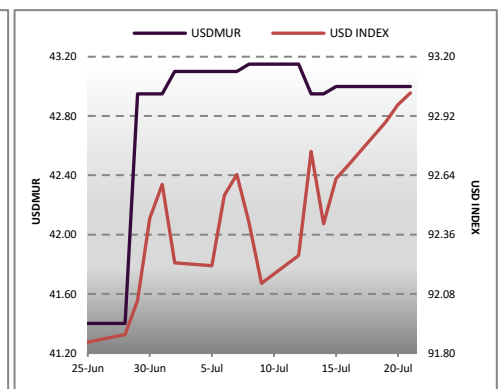
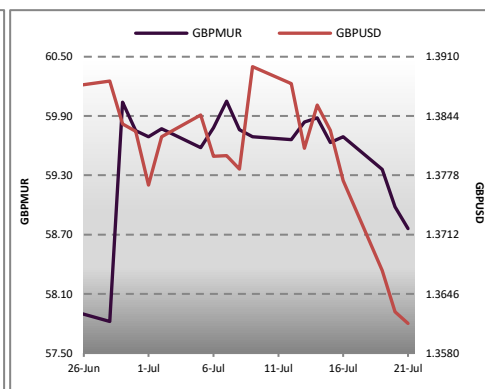
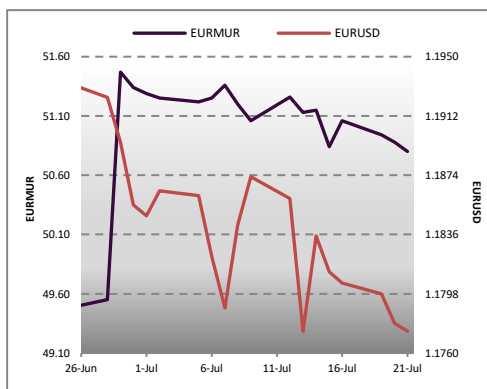
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.64	(0.04)	31.87	(0.04)
CNYMUR	6.49	0.02	6.82	0.02
EURMUR	49.32	(0.08)	50.80	(0.08)
JPYMUR	37.93	(0.16)	39.45	(0.16)
ZARMUR	2.82	(0.02)	3.00	(0.02)
USDMUR	42.10	-	43.00	-
GBPMUR	57.05	(0.21)	58.76	(0.22)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.63	30.61	30.58	31.90	31.97	32.06
EURMUR	49.31	49.30	49.25	50.86	51.00	51.24
ZARMUR	2.80	2.77	2.71	3.00	2.99	2.99
USDMUR	42.08	42.04	41.94	43.03	43.11	43.24
GBPMUR	57.04	57.02	56.94	58.80	58.90	59.09



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7331	0.7340	0.7304	0.7310
EURUSD	1.1780	1.1783	1.1771	1.1776
GBPUSD	1.3627	1.3641	1.3607	1.3615
USDJPY	109.83	109.97	109.85	109.91
USDCHF	0.9213	0.9220	0.9211	0.9211
USDCNH	6.49	6.49	6.48	6.48

Major Indices

	Value at Close	Day Change %
DOW JONES	33,962.04	1.62
S&P 500	4,323.06	1.52
FTSE 100	6,881.13	0.54
DAX	15,216.27	0.55
CAC 40	6,346.85	0.81
NIKKEI 225	27,523.75	0.50
HANGSENG	27,113.87	(0.53)

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	1.3%	1.2%	1.5%
21-Jul	00 30	AU	Westpac Leading Index (MoM)	Jun	-0.07%	-	-0.06%
21-Jul	01 30	AU	Retail Sales s.a. (MoM) PREL	Jun	-1.8%	-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

- > Long-dated US Treasury yields rebounded yesterday on signs of a shift in investor sentiment, following Monday's broad-based flight-to-safety on fears about the spread of the delta variant of the coronavirus that causes COVID-19.
- > The US 10-year Treasury yield climbed, after having dropped earlier in the day to another five-month low. Meanwhile, rates on government debt maturing in two to five years dropped. Together, those moves suggest that investors are eyeing a later start to the Federal Reserve's tightening process and reassessing their long-term economic outlooks.

- > The yield on the 10-year Treasury note gained 2.7 basis points to 1.208 percent, while the 2-year note yield gave away 1.6 basis points to 0.194 percent. The long bond yield ticked 5.3 basis points higher to 1.869 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	0.2017	0.679
UK Bonds	0.088	0.29
German Bonds	-0.714	-0.692

Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.577	-0.575	-0.556	-0.525
USD	0.090	0.085	0.134	0.152
GBP	0.041	0.052	0.075	0.099
EURIBOR	-0.560	-0.560	-0.548	-0.515

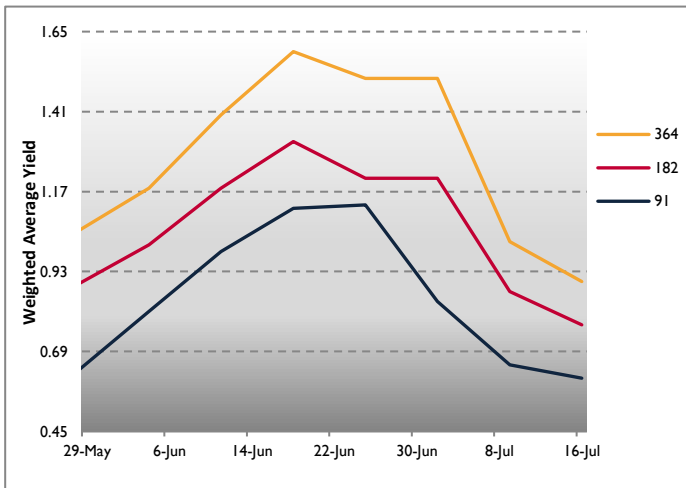
* LIBOR rates delayed by 48 hours. Source: ICE

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.473	-0.376	-0.263	-0.080
USD LIBOR - 3m	0.291	0.760	0.981	1.209

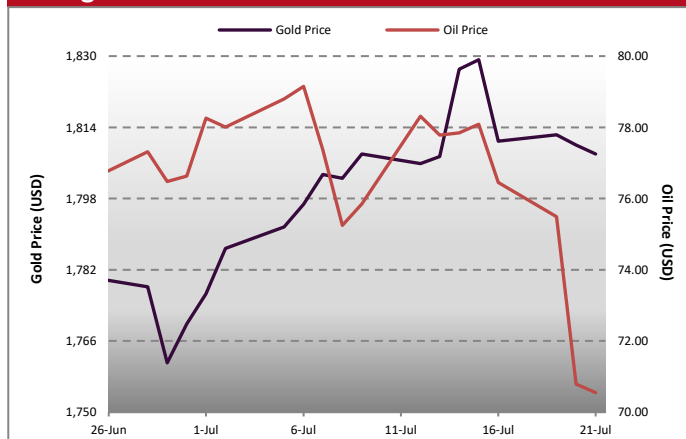
*Pay fixed and receive floating swap

Auction Results of Treasury Bills



COMMODITIES

Rolling Gold & Oil Prices



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

- > Gold lost ground this morning despite its safe-haven status, dented by gains in the US dollar amid concerns that the highly contagious Delta coronavirus variant may hamper global recovery.
- > Benchmark oil prices gave up earlier gains following an unexpected build-up in US crude inventories for last week, fueling fears over demand for the commodity with Delta variant cases increasing in major markets such as US, UK and Japan.
- > Market participants now await official data from the US Energy Information Administration for confirmation of a rise in US crude stocks.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	70.56	(0.23)
Gold (\$)	1,809.25	(0.78)