

## FOREIGN EXCHANGE MARKET

### News

- > The greenback went through a volatile Monday session, appreciating sharply throughout the first half of the day before giving up most of its gains on a rebound in US stocks. US Senators agreed on a historic USD 900 billion coronavirus relief package, however, the news was overshadowed by panic which took over financial boards at the beginning of the week.
- > EUR/USD fell to 1.2131 on Monday, amid a risk-off mood spurred by UK news as investors rushed into the greenback after the UK announced a much more contagious coronavirus strain as well as tougher restrictions in the country. However, the pair then bounced to 1.2253 in New York trade on short-covering due to rebound in US equities.
- > GBP/USD plummeted to 1.3187, weighed down by the lack of progress in Brexit talks and the discovery of a new covid variant. The pair later recovered above the 1.3400 level as UK PM Johnson made an offer on fisheries which the EU is said to be studying ahead of the release of final reading of UK Q3 GDP later today.

- > USD/JPY retreated to 103.30 after hitting 103.88 as the recovery in US stocks prompted broad-based USD selling.
- > AUD/USD is testing lows near 0.7550, despite the upbeat Australian Retail Sales in November, as the risk tone remains tepid amid a quiet session and growing virus concerns.
- > The Canadian dollar weakened to a near three-week low against its US counterpart on Monday before clawing back much of its decline, as the spread of a new coronavirus strain in Britain clipped investor risk appetite.
- > South African rand weakened to 14.7275 per dollar on Monday, snapping a five-session winning streak, as concerns about a new, fast-spreading strain of the coronavirus saw some countries ban flights to and from the country.
- > USD/MUR loses 5 cents today to trade at MUR 39.80/USD on the offer amid improved risk appetite on the international market and rallying US stocks.

### Daily Technical View

EUR/USD - A volatile session on Monday saw the EUR tumbling to a session low of 1.2131 against the USD on an initial sell-off in global equities after the discovery of a new strain of the Covid virus rattled markets. The single currency erased all its losses to close higher on the day at 1.2242 on rebounding US stocks. The technical pull-back that we have forecasted to 1.2140 is completed and the strong overnight bounce hints at the resumption of the uptrend if 1.2280 key resistance level is cleared.

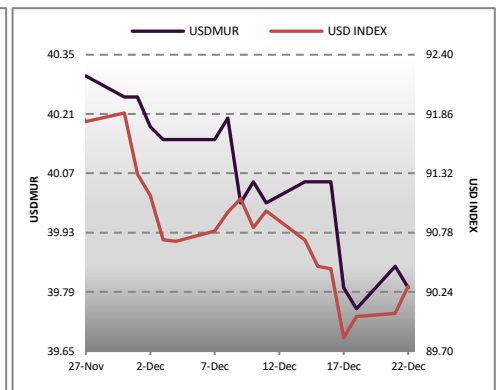
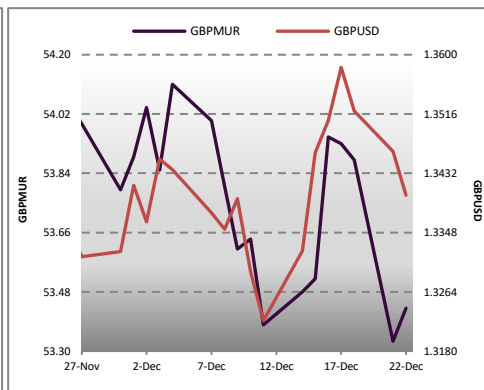
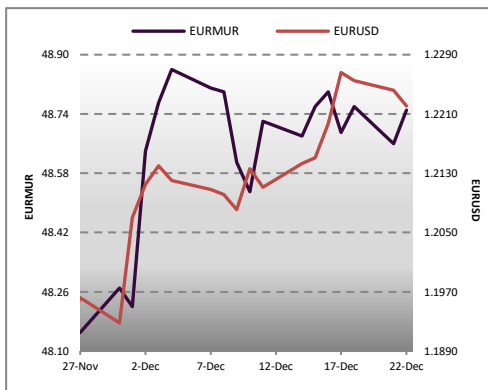
### Market Highlights

#### Indicative Spot Rates

|        | Bid   |              | Offer |              |
|--------|-------|--------------|-------|--------------|
|        | Today | Change (Rs.) | Today | Change (Rs.) |
| AUDMUR | 29.28 | (0.08)       | 30.45 | (0.08)       |
| CNYMUR | 5.94  | (0.01)       | 6.24  | (0.01)       |
| EURMUR | 47.33 | 0.09         | 48.75 | 0.09         |
| JPYMUR | 37.24 | (0.06)       | 38.73 | (0.06)       |
| ZARMUR | 2.61  | 0.01         | 2.78  | 0.01         |
| USDMUR | 38.90 | (0.05)       | 39.80 | (0.05)       |
| GBPMUR | 51.87 | 0.09         | 53.43 | 0.10         |

#### Indicative Forward Rates

|        | Bid   |       |       | Offer |       |       |
|--------|-------|-------|-------|-------|-------|-------|
|        | 1m    | 3m    | 6m    | 1m    | 3m    | 6m    |
| AUDMUR | 29.29 | 29.33 | 29.39 | 30.50 | 30.61 | 30.77 |
| EURMUR | 47.42 | 47.61 | 47.90 | 48.87 | 49.13 | 49.53 |
| ZARMUR | 2.60  | 2.58  | 2.54  | 2.77  | 2.76  | 2.73  |
| USDMUR | 38.90 | 38.91 | 38.93 | 39.82 | 39.88 | 39.98 |
| GBPMUR | 51.92 | 52.02 | 52.17 | 53.50 | 53.68 | 53.95 |



#### Previous Day Trading Levels

|        | Previous Day Trading Levels |        |        | Today  |
|--------|-----------------------------|--------|--------|--------|
|        | Opening                     | High   | Low    | Latest |
| AUDUSD | 0.7583                      | 0.7590 | 0.7546 | 0.7553 |
| EURUSD | 1.2242                      | 1.2250 | 1.2214 | 1.2224 |
| GBPUSD | 1.3463                      | 1.3469 | 1.3381 | 1.3408 |
| USDJPY | 103.31                      | 103.47 | 103.29 | 103.44 |
| USDCHF | 0.8856                      | 0.8875 | 0.8852 | 0.8871 |
| USDCNH | 6.53                        | 6.55   | 6.53   | 6.54   |

#### Major Indices

|            | Value at Close | Day Change % |
|------------|----------------|--------------|
| DOW JONES  | 30,179.05      | 0.12         |
| S&P 500    | 3,694.92       | (0.39)       |
| FTSE 100   | 6,416.32       | (1.73)       |
| DAX        | 13,246.30      | (2.82)       |
| CAC 40     | 5,393.34       | (2.43)       |
| NIKKEI 225 | 26,516.94      | (0.74)       |
| HANGSENG   | 26,037.76      | (1.02)       |

### Major Economic Releases (at GMT)

| Date   | Time  | Country | Event                             | Period | Actual | Expected | Prior |
|--------|-------|---------|-----------------------------------|--------|--------|----------|-------|
| 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% |
| 23-Dec | 13 30 | US      | Durable Goods Orders              | Nov    | -      | 0.6%     | 1.3%  |
| 23-Dec | 13 30 | US      | Initial Jobless Claims            | Dec    | -      | 885K     | 885K  |

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 prices were slightly higher Monday, pushing yields lower after a mutation of COVID-19 was reported in the UK, precipitating further lockdowns across the country.

> Safe-haven assets initially rallied after a more transmissible COVID-19 strain was reported in the southeast of the UK. Countries across the European Union implemented bans against inbound flights from the UK. But the rally lost momentum amid reports that medical experts were confident that the current vaccine candidates would be able to deal with the virus and its variants.

> The 10-year Treasury note yield retreated to 0.884 percent, while the 2-year note rate was unchanged at 0.123 percent. The 30-year bond yield gave away 1.6 basis points to 1.683 percent.

### 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      |

#### 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

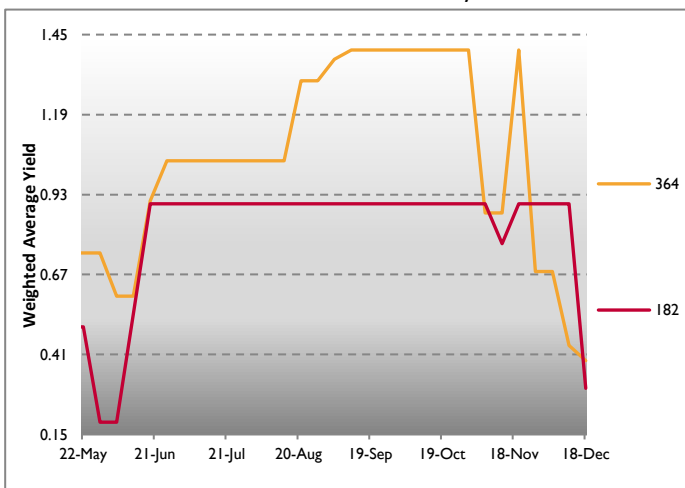
|                | Current Level (%) | Previous (%) |
|----------------|-------------------|--------------|
| BOM Repo Rate  | 1.85              | 1.85         |
| Fed Funds Rate | 0.00 - 0.25       | 0.00 - 0.25  |
| BoE Bank Rate  | 0.10              | 0.10         |
| ECB Ref. Rate  | 0.00              | 0.00         |
| RBA Cash Rate  | 0.25              | 0.25         |

#### Government Benchmark Yields (%)

|              | 2 Year | 5 Year |
|--------------|--------|--------|
| US Bonds     | 0.1189 | 0.370  |
| UK Bonds     | -0.108 | -0.072 |
| German Bonds | -0.735 | -0.759 |

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

#### 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   | -0.525 | -0.480 | -0.409 | -0.273 |
| USD LIBOR - 3m | 0.220  | 0.453  | 0.667  | 0.929  |

\*Pay fixed and receive floating swap

## COMMODITIES

### Rolling Gold & Oil Prices



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### News

> Gold prices rise as the US Congress finally reach an agreement on a long-awaited COVID-19 stimulus package.

> Oil fell in early Asian trading on concern a mutation of Covid-19 discovered in the UK could speed transmission of the virus and lead to more lockdown measures, in turn prompting fresh fuel demand worries.

#### Spot Market

|                      | Today    | Change (\$) |
|----------------------|----------|-------------|
| Brent Crude Oil (\$) | 50.38    | (2.17)      |
| Gold (\$)            | 1,868.36 | (7.85)      |