

FOREIGN EXCHANGE MARKET

News

- > The safe-haven USD pulled back from more than 3-month highs on Wednesday, amid a recovery in risk appetite as strong earnings lifted Wall Street stocks.
- > EUR/USD pair recovered some ground, hitting a daily high of 1.1804 on the back of a better market mood. The European Central Bank will today unveil its latest decision on monetary policy.
- > GBP/USD shrugged off Brexit concerns and rebounded to 1.3723 as the US dollar took a breather from gains while the EU rejected the UK demand for a new approach to the Northern Ireland Protocol.
- > USD/JPY pair rallied to 110.38, its highest for the week, underpinned by soaring government bond yields and equities.
- > AUD/USD pair fell to a fresh 2021 low of 0.7288 on Wednesday after retail sales data missed expectations but ended the day with gains in the 0.7360 price zone on improved risk sentiment.
- > The Canadian dollar edged higher against its US counterpart on Wednesday, as investor sentiment globally showed signs of improving for a second day after deteriorating on worries that rising COVID-19 cases could impede economic recovery.
- > South African rand gained on Wednesday, lifted by improved risk appetite on global markets. Focus now turns to the South African Reserve Bank interest rate decision due for later today.
- > The Bank of Mauritius intervened on the domestic foreign exchange market yesterday and sold a total of USD 25 Mio at the rate of MUR 42.50/USD.
- > Post intervention, the USD/MUR is offered this morning at MUR 42.95/USD, while the EUR/MUR gains a mere 3 cents to open at MUR 50.83/EUR, supported by the single currency trading above the 1.1800 handle.

Daily Technical View

EUR/USD - After trading to a fresh 3-month low of 1.1752 against the USD, the single currency recovered towards 1.1800 level on an improvement in risk appetite following strong earnings on Wall Street and as the market took profits on short EUR positions ahead of today's ECB monetary meeting. Intra-day we expect trading to stay in a 1.1770-1.1840 range ahead of the event and on the wide 1.1705-1.1890.

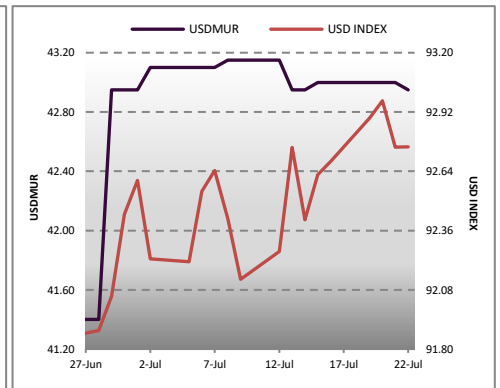
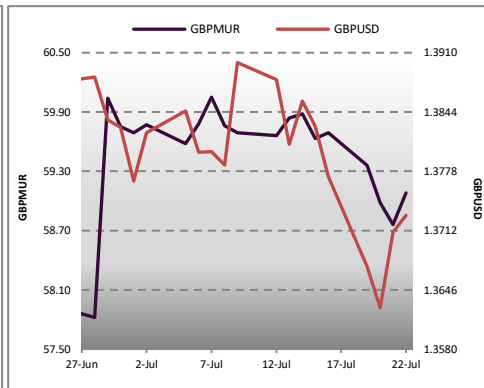
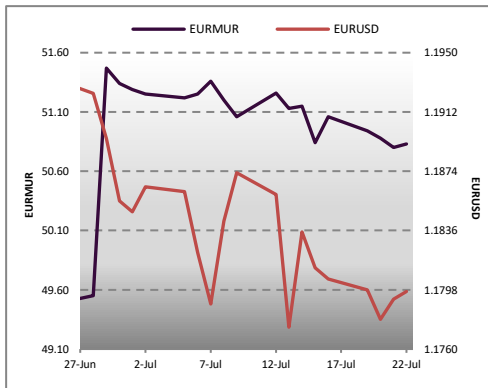
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.79	0.15	32.02	0.15
CNYMUR	6.49	-	6.82	-
EURMUR	49.35	0.03	50.83	0.03
JPYMUR	37.80	(0.13)	39.31	(0.14)
ZARMUR	2.84	0.02	3.02	0.02
USDMUR	42.05	(0.05)	42.95	(0.05)
GBPMUR	57.36	0.31	59.08	0.32

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.78	30.77	30.73	32.05	32.12	32.24
EURMUR	49.34	49.32	49.27	50.89	51.04	51.27
ZARMUR	2.82	2.79	2.73	3.02	3.01	3.01
USDMUR	42.03	41.99	41.89	42.98	43.05	43.18
GBPMUR	57.35	57.32	57.24	59.12	59.22	59.40



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7358	0.7373	0.7343	0.7372
EURUSD	1.1791	1.1800	1.1787	1.1801
GBPUSD	1.3712	1.3733	1.3691	1.3733
USDJPY	110.31	110.31	110.09	110.11
USDCHF	0.9175	0.9180	0.9170	0.9170
USDCNH	6.46	6.47	6.46	6.47

Major Indices

	Value at Close	Day Change %
DOW JONES	34,511.99	0.83
S&P 500	4,358.69	0.82
FTSE 100	6,998.28	1.70
DAX	15,422.50	1.36
CAC 40	6,464.48	1.85
NIKKEI 225	27,548.00	0.58
HANGSENG	27,639.53	1.52

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
22-Jul	11 45	EU	ECB Interest Rate Decision	-	-	0.0%	0.0%
22-Jul	12 30	US	Initial Jobless Claims	Jul	-	350K	360K
23-Jul	08 00	EU	Markit PMI Composite PREL	Jul	-	60.0	59.5
23-Jul	08 30	UK	Markit Services PMI PREL	Jul	-	62.0	62.4

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

- > US Treasury retreated yesterday, pushing the yield on the 10-year note further above the 1.20 percent level after touching a five-month low earlier this week.
- > The Treasury rally has paused after the 10-year yield sank below 1.15 percent earlier this week, when worries over the delta variant of the coronavirus that causes COVID-19 sparked a flight to government bonds.
- > Analysts believe that worries about the delta variant and its effect on the global economy may have been overdone, possibly having caused yields to overshoot to the downside.

- > The 10-year US Treasury note yield gained 7.1 basis points to trade at 1.279 percent, while the 2-year Treasury note yield edged 1.4 basis point higher to 0.208 percent. The yield on the 30-year Treasury bond rose by 6 basis points to 1.929 percent.
- > Tomorrow, the Bank of Mauritius will hold the auction for the 364-Day Government of Mauritius Treasury Bills for a nominal amount of MUR 500 Mio as well as the auction for the 91-Day and 182-day Bank of Mauritius Treasury Bills for a nominal amount of MUR 3,000 Mio.

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

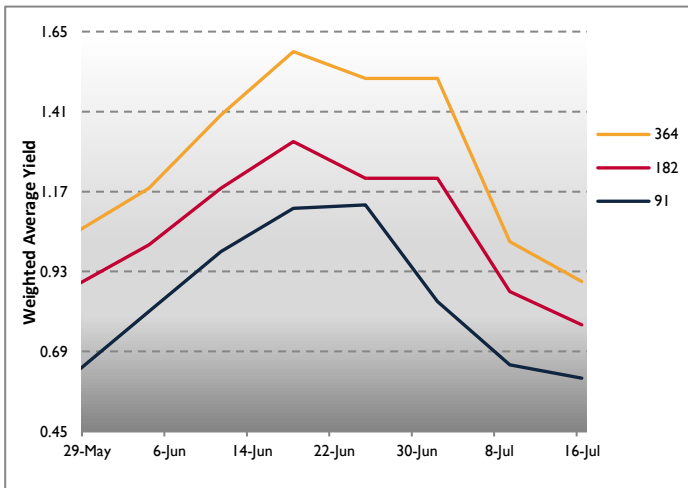
	Current Level (%)	Previous (%)
BOM Repo Rate	1.85	1.85
Fed Funds Rate	0.00 - 0.25	0.00 - 0.25
BoE Bank Rate	0.10	0.10
ECB Ref. Rate	0.00	0.00
RBA Cash Rate	0.10	0.10

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	0.2058	0.722
UK Bonds	0.11	0.308
German Bonds	-0.714	-0.690

[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	-0.578	-0.575	-0.556	-0.525
USD	0.086	0.089	0.138	0.153
GBP	0.043	0.052	0.072	0.096
EURIBOR	-0.566	-0.558	-0.543	-0.518

* LIBOR rates delayed by 48 hours. Source: ICE

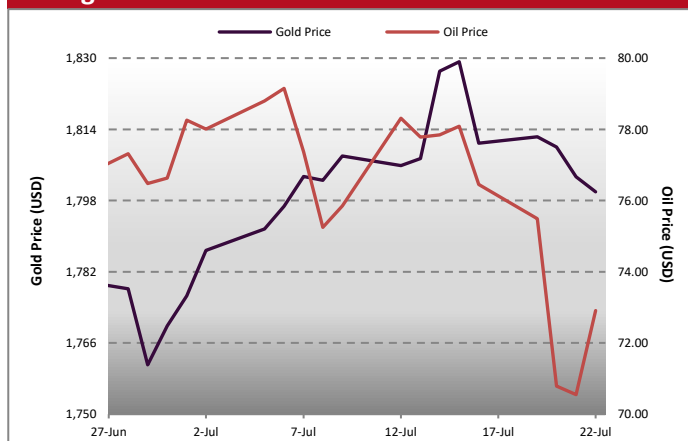
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.473	-0.358	-0.241	-0.052
USD LIBOR - 3m	0.309	0.812	1.040	1.273

*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 prices dipped below the USD 1,800 level amid a renewed risk-on wave that has gripped the Asian market as investors looked past economic threats from rising cases of the Delta coronavirus variant. Strong US equity markets and higher US yields also weighed on the yellow metal.
- > The US Energy Information Administration (EIA) revealed that crude inventories rose unexpectedly by 2.1 million barrels in the week ended July 16, against analysts' expectations of a 4.5 million barrel drop.
- > The inventory report initially sent oil prices lower but they rebounded quickly, with fuel demand still seemingly very strong and improved risk appetite providing further support.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	72.92	2.37
Gold (\$)	1,802.53	(0.78)