

## FOREIGN EXCHANGE MARKET

### News

- > The greenback fell broadly on Wednesday as risk sentiment returned on the rise in US equities. Investors continued to chase risk assets and commodity currencies higher amid fading expectations the Omicron variant will have the same devastating impact on economic activity as its predecessors while stronger than expected US GDP and consumer confidence data were largely ignored.
- > EUR/USD rallied to 1.1342, on the back of a weaker US dollar across the board. The combination of modestly lower US yields and higher equity prices weighed on the greenback that failed to benefit.
- > GBP/USD gained to 1.3363, despite data showing Britain economy grew by 1.1 percent in the third quarter between July and September, weaker than a preliminary estimate of growth of 1.3 percent.
- > USD/JPY hit a high of 114.36 on active cross-selling in yen before retreating to 114.08 on broad-based USD weakness.
- > AUD/USD advanced back above 0.72 as the shift in risk appetite that started on Tuesday, continued through trade on Wednesday, as traders turned more positive about the economic outlook.
- > The loonie edged higher against the USD on Wednesday, as investors bet that global economic recovery would be sustained despite the fast-spreading Omicron coronavirus variant and a domestic estimate showed factory sales rising in November.
- > South African rand firmed against the dollar on Wednesday, as risk appetite continued to improve on expectations the impact of the Omicron variant on the global economy will be limited based on early data.
- > The USD/MUR maintains the MUR 43.70/USD level this morning on the offer, while the EUR/MUR shoots to MUR 49.74/EUR, on the back of the single currency trading near the 1.1350 handle.

### Daily Technical View

EUR/USD - The single pair is trading the holiday mood with low volumes and market is a bit cautious before key US data later today. Bulls need to see a daily close above 1.1350 resistance line to keep the reins, otherwise a pullback towards 1.1230 can't be ruled out.

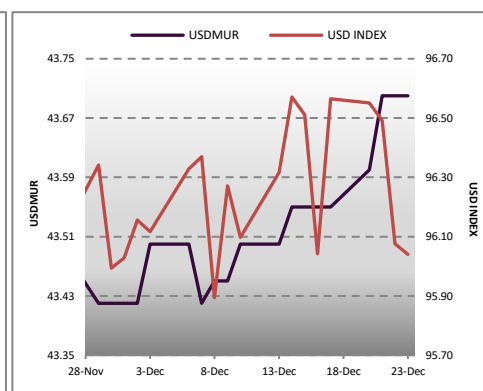
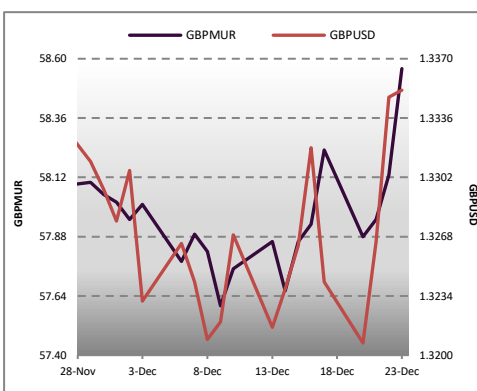
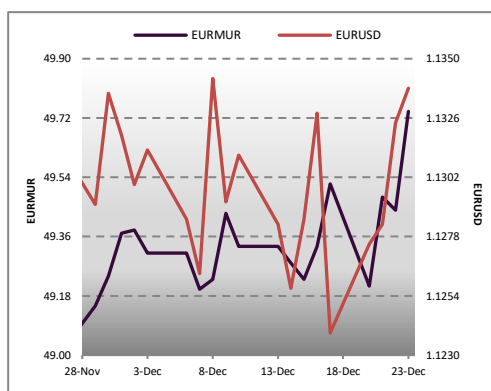
### Market Highlights

#### Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.67	0.31	31.90	0.33
CNYMUR	6.70	-	7.04	-
EURMUR	48.29	0.29	49.74	0.30
JPYMUR	37.13	-	38.62	-
ZARMUR	2.68	0.03	2.85	0.03
USDMUR	42.80	-	43.70	-
GBPMUR	56.85	0.41	58.56	0.43

#### Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.65	30.64	30.57	31.92	31.97	32.04
EURMUR	48.28	48.26	48.20	49.80	49.94	50.15
ZARMUR	2.66	2.62	2.57	2.84	2.84	2.83
USDMUR	42.78	42.74	42.58	43.73	43.81	43.87
GBPMUR	56.83	56.80	56.62	58.59	58.68	58.75



#### Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7213	0.7219	0.7197	0.7218
EURUSD	1.1323	1.1341	1.1320	1.1340
GBPUSD	1.3352	1.3360	1.3343	1.3352
USDJPY	114.08	114.22	114.08	114.21
USDCHF	0.9202	0.9206	0.9189	0.9193
USDCNH	6.38	6.38	6.37	6.38

#### Major Indices

	Value at Close	Day Change %
DOW JONES	35,492.70	0.74
S&P 500	4,696.56	1.02
FTSE 100	7,341.66	0.61
DAX	15,593.47	0.95
CAC 40	7,051.67	1.24
NIKKEI 225	28,700.41	0.48
HANGSENG	23,203.74	0.44

### Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
21-Dec	13 30	CA	Retail Sales (MoM)	Oct	1.6%	1.0%	-0.6%
22-Dec	07 00	UK	GDP (QoQ)	Q3	1.1%	1.3%	1.3%
22-Dec	13 30	US	GDP Annualized	Q3	2.3%	2.1%	2.1%
23-Dec	13 30	US	Durable Goods Orders	Nov	-	1.5%	-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

- > The yield curve flattened, with longer-term US Treasury yields falling on Wednesday as market participants' concerns about inflation diminished despite stronger-than-expected economic data released yesterday.
- > The benchmark 10-year yield gave back gains posted on Tuesday, down 3 basis points at 1.4566 percent in morning trading on Wednesday.
- > The two-year US Treasury yield, which usually moves in step with interest rate expectations, was down less than a basis point at 0.6728 percent.

- > The gap between yields on two- and 10-year Treasury notes, seen as an indicator of economic expectations, was at 78 basis points, more than one basis point lower than the previous day close. The bond-buying pushed down this closely watched part of the US Treasury yield curve.
- > Tomorrow, the Bank of Mauritius will hold the auction for the 364-Day Government of Mauritius Treasury Bills for a nominal amount of MUR 1,000 Mio as well as the 91-Day and 182-Day Bank of Mauritius Treasury Bills for a nominal amount of MUR 2,500 Mio.

### 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

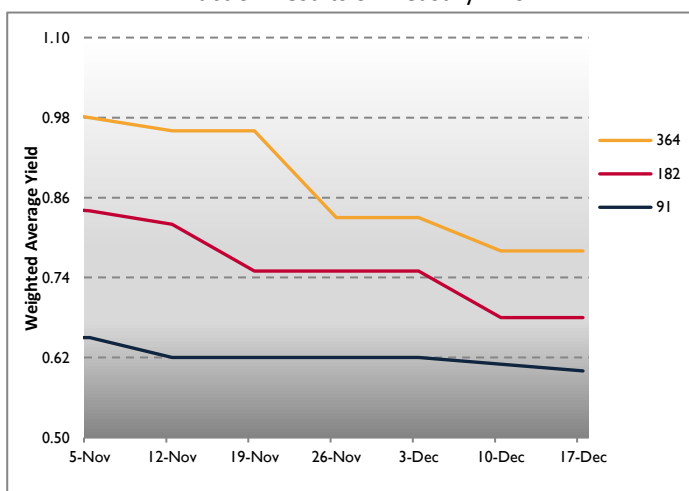
#### Key Central Bank Rates

	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	0.671	1.225
UK Bonds	0.659	0.75
German Bonds	-0.689	-0.542

#### Auction Results of Treasury Bills



#### Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.587	-0.661	-0.601	-0.566
USD	0.077	0.104	0.216	0.326
GBP	0.183	0.176	0.231	0.431
EURIBOR	-0.581	-0.611	-0.588	-0.551

\* LIBOR rates delayed by 48 hours. Source: ICE

#### Indicative Generic Swap Rates\* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.346	-0.091	0.013	0.179
USD LIBOR - 3m	0.915	1.348	1.448	1.549

\*Pay fixed and receive floating swap

## COMMODITIES

### Rolling Gold & Oil Prices



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### News

- > Benchmark oil prices firmed for the third consecutive day on a larger-than-expected drawdown in US inventories, easing fear about the potential impact of Omicron variant spread on fuel demand.
- > The US Energy Information Administration reported that crude stocks were down by 4.7 million barrels in the week to 17th December, partly due to year-end tax considerations that encourage companies not to store crude barrels.
- > The precious metal recorded gains on Wednesday, lifted by a decline in the greenback and the US Treasury yields. This morning, gold prices held steady in holiday-thinned trade.

	Spot Market	
	Today	Change (\$)
Brent Crude Oil (\$)	74.22	1.86
Gold (\$)	1,806.76	3.36