

FOREIGN EXCHANGE MARKET

News

- > The US dollar maintains the higher ground against its peers, underpinned by firmer inflation expectations and strong Treasury yields. However, investors remain cautious ahead of a raft of US economic releases like the October Durable Goods Orders and the second estimate of the Q3 GDP as well as the FOMC minutes due later today.
- > EUR/USD struggles to keep the rebound from the 16-month low around 1.1250 during the early Asian session this morning as demand for the greenback persists in a risk-averse environment.
- > GBP/USD has been unable to shake off the bearish pressure despite preliminary Markit PMI data revealing on Tuesday that business activity in the private sector continued to expand at a strong pace in early November.
- > A softer tone around equity markets benefitted the safe haven status of the Japanese yen, with the USD/JPY pair confined in a range below the 115.00 mark.
- > AUD/USD remains pressured towards 0.7200 amid broad US dollar strength while NZD/USD consolidates near six-week lows above 0.6900 after the Reserve Bank of New Zealand's smaller-than-expected 25 basis point rate hike this morning
- > The Turkish Lira plunged 15 percent and crashed to another record low as investors panicked after President Tayyip Erdogan defended recent rate cuts.
- > USD/CAD is rising back towards 1.2700 after Tuesday's steep correction, tracking the gains in the US dollar across the board.
- > The South African rand dropped to a fresh year low of 15.93 against the dollar, pressured by a strong upside momentum in the greenback following the nomination of Jerome Powell to stay as US Federal Reserve Chair.
- > The USD/MUR maintains the MUR 43.50/USD level on the offer, with the single currency still trading near the 1.1250 level.

Daily Technical View

EUR/USD - After rallying to a session high of 1.1274 on upbeat Germany/EU PMI data, the single currency shed all its gains to end the day at 1.1235, close to the year's low at 1.1227, after Germany introduced further restriction measures to fight the surge in Covid-19 infections. Intra-day the technical picture remains bearish for the EUR and, as long as resistance at the 1.1290/1.1320 area cap the upside, the risk is for a slide towards 1.1150/70 support levels.

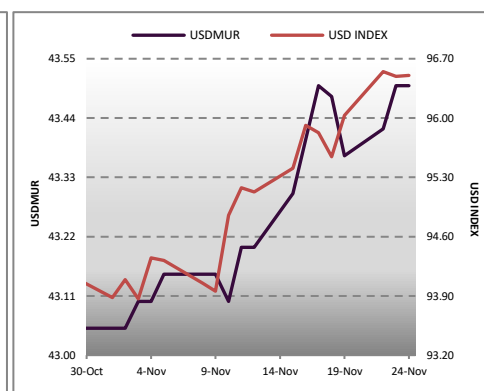
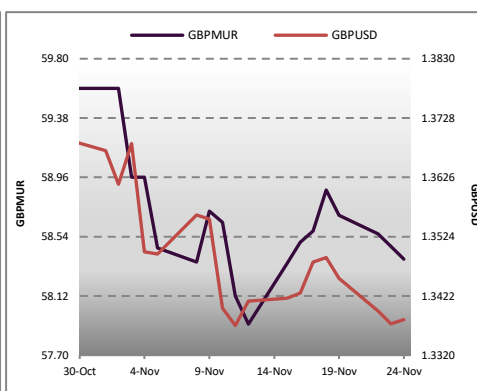
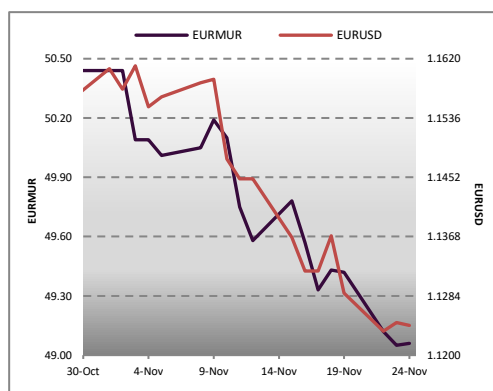
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.54	(0.08)	31.76	(0.08)
CNYMUR	6.65	(0.01)	6.99	(0.01)
EURMUR	47.63	0.01	49.06	0.01
JPYMUR	36.67	0.04	38.14	0.04
ZARMUR	2.64	-	2.81	-
USDMUR	42.60	-	43.50	-
GBPMUR	56.68	(0.09)	58.38	(0.09)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.53	30.51	30.47	31.78	31.84	31.93
EURMUR	47.62	47.60	47.55	49.12	49.26	49.49
ZARMUR	2.62	2.59	2.53	2.81	2.80	2.79
USDMUR	42.58	42.54	42.44	43.53	43.61	43.74
GBPMUR	56.67	56.64	56.50	58.42	58.52	58.67



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7226	0.7228	0.7200	0.7220
EURUSD	1.1246	1.1253	1.1233	1.1246
GBPUSD	1.3374	1.3386	1.3368	1.3385
USDJPY	115.09	115.23	114.88	114.96
USDCHF	0.9325	0.9345	0.9322	0.9335
USDCNH	6.39	6.39	6.39	6.39

Major Indices

	Value at Close	Day Change %
DOW JONES	35,619.25	0.55
S&P 500	4,690.70	0.17
FTSE 100	7,266.69	0.15
DAX	15,937.00	(1.11)
CAC 40	7,044.62	(0.85)
NIKKEI 225	29,364.40	(1.38)
HANGSENG	24,839.35	0.76

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
23-Nov	09 00	EU	Markit PMI Composite PREL	Nov	55.8	53.2	54.2
23-Nov	09 30	UK	Markit Services PMI PREL	Nov	58.6	58.5	59.1
24-Nov	13 30	US	Durable Goods Orders	Oct	-	0.2%	-0.3%
24-Nov	13 30	US	GDP Annualized PREL	Q3	-	2.1%	2.0%

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 Treasuries sold off again on Tuesday, pushing the benchmark 10-year and 30-year rates to their highest since late October, as investors continued to price in more monetary tightening by the Federal Reserve.
- > Treasury yields rise on bets that Federal Reserve Chairman Jerome Powell, who is being nominated to a second term by President Joe Biden, has a new mandate to accelerate the pace of the Fed's reduction of monthly asset purchases, with an eye toward curbing a surge in inflation and eventually lifting interest rates.
- > Similar moves like the rise in the 10-year US Treasury yield were also seen in the UK and Germany as markets continued to price in more monetary tightening from the Fed, the BoE and the ECB.
- > The 10-year UK Gilt yield has climbed to 0.975 percent while the 10-year German Bund yield is less negative at minus 0.233 percent.
- > The 10-year US Treasury note yield rose to 1.665 percent, while the 2-year Treasury note rate strengthened to 0.606 percent yesterday. The 30-year Treasury bond yield gained 4.4 basis points to 2.022 percent, up from 1.978 percent Monday.
- > Today, the Bank of Mauritius will hold the auction for the Three-Year Government of Mauritius Treasury notes for a nominal amount of MUR 2,500 Mio.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	0.55	0.40
2M	0.60	0.45
3M	0.65	0.50
4M	0.70	0.55
6M	0.80	0.65
8M	0.87	0.72
10M	0.95	0.80
1Y	1.00	0.85

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Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	2.10	1.90
3 year	2.45	2.25
4 Year	2.75	2.55
5 Year	3.05	2.80
10 Year	4.35	4.10
15 year	4.60	4.35
20 Year	4.85	4.60

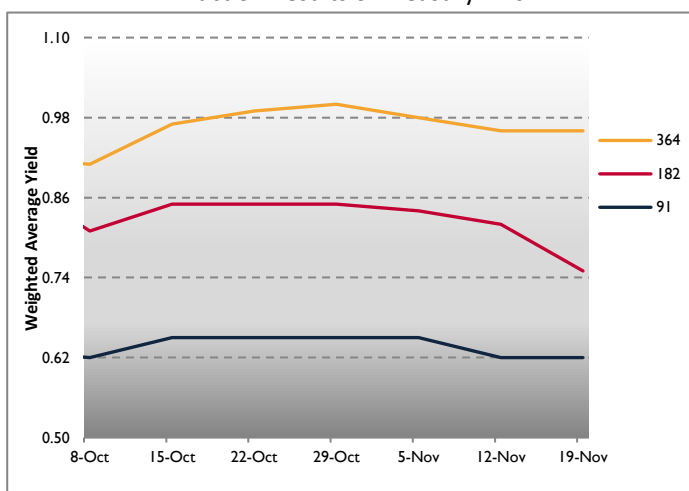
Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	1.85	1.85
Fed Funds Rate	0.00 - 0.25	0.00 - 0.25
BoE Bank Rate	0.10	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	0.5925	1.308
UK Bonds	0.591	0.722
German Bonds	-0.733	-0.542

Auction Results of Treasury Bills



Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.585	-0.574	-0.579	-0.548
USD	0.078	0.092	0.170	0.244
GBP	0.039	0.063	0.114	0.302
EURIBOR	-0.568	-0.560	-0.564	-0.528

* LIBOR rates delayed by 48 hours. Source: ICE

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.341	-0.093	0.026	0.212
USD LIBOR - 3m	0.832	1.403	1.580	1.698

*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 fell as the US-led coordinated release of stocks from strategic reserves eased concerns over tightness in global supply. The US announced that it will release 50 million barrels from the Strategic Petroleum Reserve on Tuesday. The UK will release 1.5 million barrels while India will release 5 million barrels.
- > The weekly oil stockpile data from the American Petroleum Institute also exerted downside pressure on oil prices.
- > Gold remains in the danger zone after breaking below the USD 1,800 level, pressured by a strong dollar and bets that the Federal Reserve could raise interest rates sooner.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	84.54	1.74
Gold (\$)	1,795.50	5.77