

## FOREIGN EXCHANGE MARKET

### News

- > The greenback tumbled across the board due to escalation of US and China trade war and falling US yields as US President Donald Trump hit back on China with additional set of tariffs after Chinese Commerce Ministry announced earlier on Friday retaliatory tariffs against about 75 billion USD worth of US goods.
- > The US President Donald Trump comments overshadowed a speech by Federal Reserve Chairman Jerome Powell, who did not announce major stimulus measures to ease a worsening global economic outlook, but set the stage for further interest rate cuts.
- > The EUR/USD pair soared to 1.1152 on Friday, its highest for the week USD broad-based weakness. In the Eurozone, this Monday IFO survey of German business climate will be closely watched amid fear that the bloc largest economy is entering a recession.
- > The GBP/USD pair rallied to a 3-week high at 1.2296 backed by Brexit and on dollar broad-based selloff.
- > The JPY and CHF surged against the greenback on Monday on heightened risk aversion after a sharp re-escalation in the US and China trade war.
- > AUD/USD opened just above 0.6700, some 50 pips lower than its Friday close, as the escalating trade war took its toll on the Aussie dollar. At the moment, the pair is crawling back to 0.6750 after China's conciliatory comments.
- > The Loonie is under pressure, despite upbeat Canadian CPI, as the trade war weighs on commodities.
- > The Bank of Mauritius intervened on the domestic foreign exchange market on 22 August 2019 and sold a total amount of USD 50.6 Mio at the rate of MUR 36.00/USD.
- > The US dollar sheds 15 cents this morning against the Rupee, with Durable Goods Orders data expected for today.

### Daily Technical View

EUR/USD - Fed's Powell comments at the Jackson hole symposium about slowing global growth and trade policy uncertainty and China's plan for new tariffs on USD 75 billion of US goods sent the greenback lower this morning. 1.1185 will provide some resistance while 1.110 will find buyers.

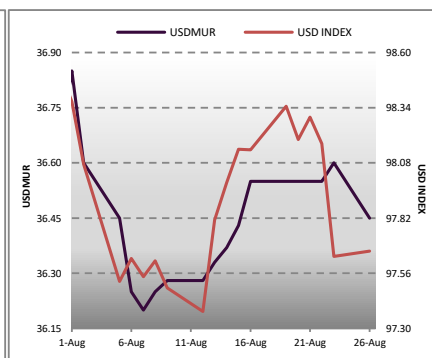
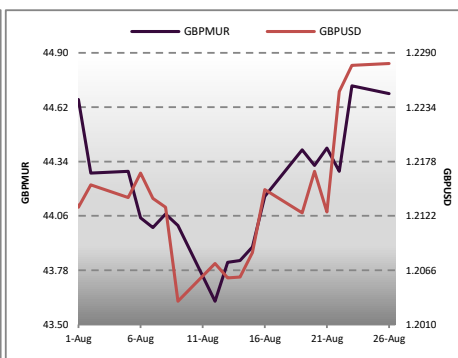
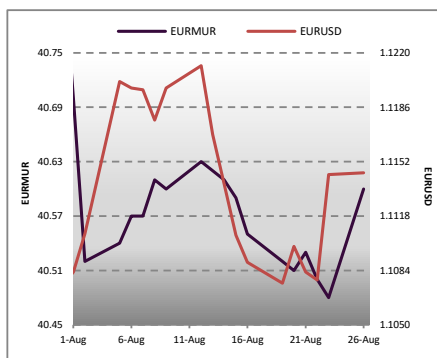
### Market Highlights

#### Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	23.82	(0.18)	24.77	(0.19)
CNYMUR	4.95	(0.07)	5.20	(0.08)
EURMUR	39.42	0.12	40.60	0.12
JPYMUR	33.43	0.27	34.77	0.28
ZARMUR	2.28	(0.03)	2.39	(0.04)
USDMUR	35.55	(0.15)	36.45	(0.15)
GBPMUR	43.39	(0.04)	44.69	(0.04)

#### Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	23.84	23.88	23.97	24.82	24.92	25.12
EURMUR	39.51	39.72	40.04	40.72	40.99	41.43
ZARMUR	2.27	2.26	2.22	2.38	2.37	2.36
USDMUR	35.56	35.59	35.68	36.48	36.57	36.75
GBPMUR	43.45	43.59	43.81	44.78	44.98	45.33



#### Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.6733	0.6749	0.6690	0.6739
EURUSD	1.1145	1.1164	1.1133	1.1149
GBPUSD	1.2262	1.2285	1.2255	1.2281
USDJPY	105.12	105.78	104.47	105.31
USDCHF	0.9728	0.9775	0.9714	0.9753
USDCNH	7.13	7.19	7.14	7.17

#### Major Indices

	Value at Close	Day Change %
DOW JONES	26,252.24	(2.37)
S&P 500	2,847.11	(2.59)
FTSE 100	7,094.98	(0.47)
DAX	11,611.51	(1.15)
CAC 40	5,326.87	(1.14)
NIKKEI 225	20,244.69	(2.25)
HANGSENG	25,411.73	(2.93)

### Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
27-Aug	06 00	DE	Gross Domestic Product (QoQ)	Q2	-	-0.1%	-0.1%
29-Aug	07 55	DE	Unemployment Rate s.a.	Aug	-	5%	5%
29-Aug	09 00	EU	Business Climate	Aug	-	0.08	-0.12
29-Aug	12 30	US	Gross Domestic Product Annualized	Q2	-	2.0%	2.1%

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 yields fell sharply on Friday after China announced more tariffs on imports of US goods, while Federal Reserve chair Mr. Powell indicated that lower interest rates were possible, and President Trump "ordered" American companies home, creating even more uncertainty for business planning.
- > Government bonds rallied and stocks slumped after the Chinese Finance Ministry on Friday stated that it would impose tariffs on USD 75 billion of US goods, staggered over two stages. The first batch of tariffs would kick in on September 1st, with the second batch coming in at December 15.
- > The 10-year US Treasury note yield gave away 9 basis points to 1.523 percent, its lowest close since August 2016, while the 2-year note rate dropped 7.8 basis points to 1.528 percent, paring its week long rise to 4.9 basis points.

- > From the auction for the Government of Mauritius 364-Day Treasury Bills, the Bank of Mauritius accepted 2 bids out of 7 received for a total nominal value of MUR 600.0 Mio at the weighted yield of 3.28 percent.
- > For the 91 and 182 day Bank of Mauritius Bills, 4 bids out of 11 received were accepted for the 91-Day at the weighted yield of 2.95 for a total nominal value of MUR 2,007.8 Mio. For the 182-Day Bills, 5 bids out of 12 received were accepted at the weighted yield of 3.20 for a total nominal value of MUR 1,492.2 Mio.
- > The Bank of Mauritius published the minutes of the 52nd Monetary Policy Committee meeting held on the 9 August 2019.

### Market Highlights

#### Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	2.95	-
2M	3.00	-
3M	3.05	2.90
4M	3.15	-
6M	3.25	3.10
8M	3.27	-
10M	3.28	-
1Y	3.30	3.15

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

#### Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	3.55	3.35
3 year	3.70	3.50
4 Year	3.90	3.70
5 Year	4.10	3.85
10 Year	4.65	4.40
15 year	5.20	4.95
20 Year	5.85	5.60

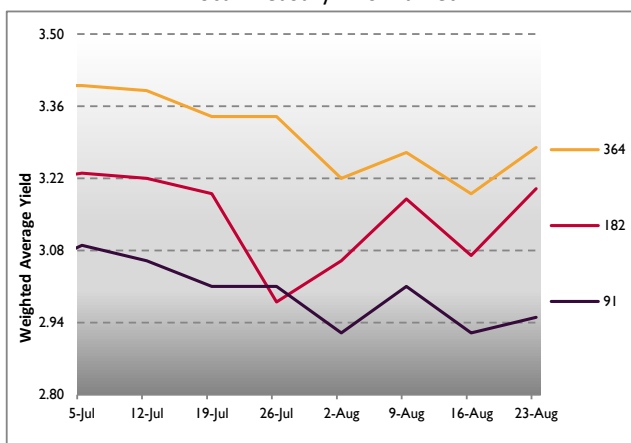
#### Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	3.35	3.50
Fed Funds Rate	2.00 - 2.25	2.25 - 2.50
BoE Bank Rate	0.75	0.75
ECB Ref. Rate	0.0	0.0
RBA Cash Rate	1.00	1.00

#### Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	1.4527	1.336
UK Bonds	0.402	0.37
German Bonds	-0.879	-0.913

#### Local Treasury Bills Market



#### Money Market Rates

LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.457	-0.453	-0.449	-0.440
USD	2.134	2.140	2.144	2.080
GBP	0.684	0.709	0.762	0.806
EURIBOR	-0.403	-0.413	-0.412	-0.408

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

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.592	-0.544	-0.459	-0.292
USD LIBOR - 3m	1.452	1.295	1.321	1.381

\*Pay fixed and receive floating swap

## COMMODITIES

### Rolling Gold & Oil Prices



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Source: MCB Treasury, Reuters, Bloomberg, Bank of Mauritius

### News

- > The yellow metal soared as the US-China trade war headlines triggered the risk aversion wave at the week-start. The US and China both increased tariffs on each other goods worth of billions of US Dollars on late-Friday.
- > Oil prices fell on Monday, pushing US crude to its lowest in more than two weeks, as an intensifying US-China trade war knocked confidence in the global economy.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	58.95	(1.16)	58.81	(0.53)
Gold (\$)	1,542.20	16.10	1,540.90	14.30