

FOREIGN EXCHANGE MARKET

News

- > The US dollar was broadly higher on Monday, as optimism over the US and China trade conflicts supported risk sentiment, despite further signs of a slowdown in the US manufacturing sector.
- > The EUR/USD was down to 1.1095; as speculation remained that the European Central Bank will have to aggressively ease its monetary policy next month after the German business climate index came in slower than expected. This Tuesday, Germany will release the final version of Q2 GDP and the GfK Consumer Confidence Survey.
- > The GBP/USD pair dropped to 1.2206, as investors reassessed whether British Prime Minister Boris Johnson had made any progress in convincing the European Union to renegotiate the Brexit agreement.
- > The USD/CNY rose above 7.15, the highest level since February 2008 due to escalating US and China trade tensions.
- > USD/JPY extends losses towards the 105.50 level in Asian trade this morning, as the yen remains buoyed by the positive developments on the US and Japan trade front.
- > The Canadian dollar edged higher against the greenback on Monday as risk sentiment improved, but held in the middle of its tight recent range as investors continued to focus on the fallout of the US and China trade war.
- > South African rand firmed on Monday as the United States and China sought to ease trade war tensions while investors also looked to a slew of domestic economic data later in the week for clues on the health of the economy.
- > The US dollar gains 7 cents this morning against the Rupee, while the Euro sheds 8 cents ahead of the German GDP data due later this morning.

Daily Technical View

EUR/USD - The EUR rally faded at the key 1.1165 resistance level, that we highlighted last week as the area where any counter-trend rally should fail to keep bearish momentum, to trade to a session low of 1.1095 in the New York session. A recovery in US yields was cited as the main reason for a bounce in the greenback, intra-day the 1.1050/80 support area needs to hold to have another upside try towards 1.1165 /1.1230 resistance levels.

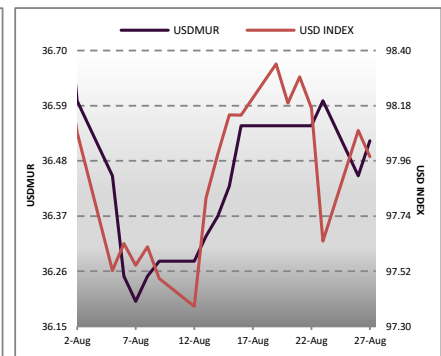
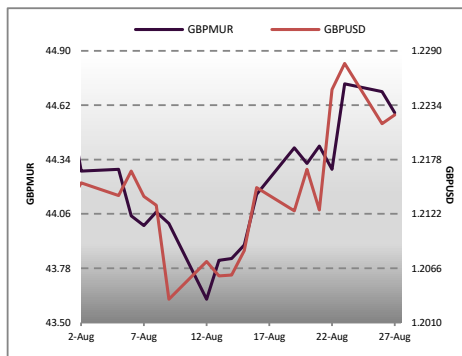
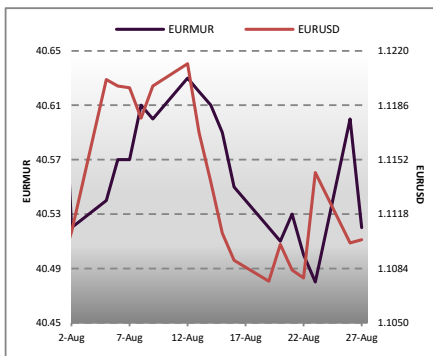
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	23.95	0.13	24.91	0.14
CNYMUR	4.96	0.01	5.21	0.01
EURMUR	39.34	(0.08)	40.52	(0.08)
JPYMUR	33.37	(0.06)	34.70	(0.07)
ZARMUR	2.30	0.02	2.42	0.03
USDMUR	35.62	0.07	36.52	0.07
GBPMUR	43.28	(0.11)	44.58	(0.11)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	23.97	24.01	24.10	24.96	25.07	25.26
EURMUR	39.43	39.64	39.96	40.64	40.91	41.35
ZARMUR	2.29	2.27	2.24	2.41	2.40	2.38
USDMUR	35.63	35.66	35.75	36.55	36.64	36.82
GBPMUR	43.34	43.47	43.70	44.67	44.87	45.22



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.6774	0.6780	0.6756	0.6760
EURUSD	1.1101	1.1107	1.1099	1.1105
GBPUSD	1.2217	1.2228	1.2210	1.2225
USDJPY	106.14	106.16	105.66	105.72
USDCHF	0.9792	0.9795	0.9783	0.9787
USDCNH	7.17	7.18	7.16	7.17

Major Indices

	Value at Close	Day Change %
DOW JONES	25,628.90	1.05
S&P 500	2,878.38	1.10
FTSE 100	7,094.98	(0.47)
DAX	11,658.04	0.40
CAC 40	5,351.02	0.45
NIKKEI 225	20,499.18	1.18
HANGSENG	25,674.89	(0.02)

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

- > Treasury yields finished higher after President US Donald Trump's shifting tone on the US recent broadside of tariffs against China whipsawed equity and bond markets.
- > Market participants were rattled by the developments on the trade dispute with China after Mr Trump announced that he had second thoughts about having raised tariffs on China last week in response to retaliatory import levies from Beijing, but administration officials clarified that Trump regretted not having raised tariffs further, and was not expressing remorse on his use of tariffs.

> Investor sentiment rebounded, following comments by the US President on Monday that China had made two phone calls to US officials to return to the negotiating table. However, the editor in chief of Chinese state tabloid Global Times Hu Xijin indicated that no such call had been made.

> The 10-year US Treasury note yield gained 2.2 basis points to 1.545 percent, while the 2-year note rate climbed 3 basis points to 1.558 percent.

> For the week ended 23 August 2019, the Central Bank issued Silver Bonds for a total amount of MUR 508.475 Mio as follows: MUR 363.35 Mio was issued for the 5.50 percent Silver Savings Bonds and 145.125 Mio was issued for the 5.50 percent Silver Retirement Bonds.

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

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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

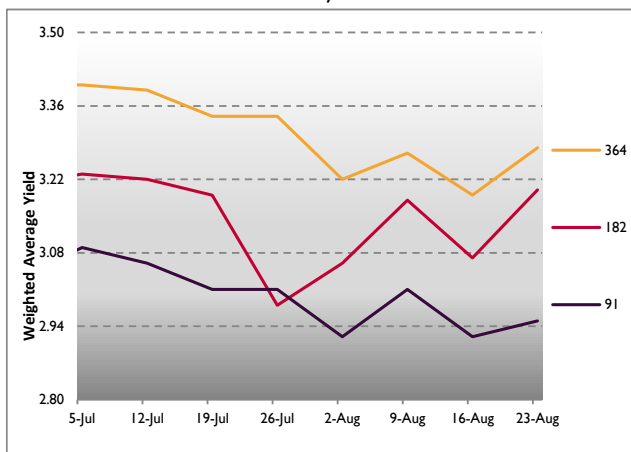
Key Central Bank Rates

	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	1.5264	1.399
UK Bonds	0.402	0.37
German Bonds	-0.885	-0.909

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	-0.590	-0.542	-0.450	-0.276
USD LIBOR - 3m	1.506	1.350	1.366	1.430

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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

News

> Global markets stabilised yesterday on hopes of renewed talks between the US and China to end trade conflict. Gold and other safe haven assets gave up some of their earlier gains following the news.

> Oil dropped further on Monday after French President Emmanuel Macron spoke at a press conference at the G7 summit, stating that Iranian President Hassan Rouhani and US President Donald Trump will possibly meet in the coming weeks to find a new nuclear accord.

> Oil prices later recovered, benefiting from restored investor confidence.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	58.95	(1.16)	58.93	0.23
Gold (\$)	1,530.74	4.74	1,526.30	(0.30)