

## FOREIGN EXCHANGE MARKET

### News

- > The greenback traded mixed against its peers on Tuesday, as investors remained cautious if the United States and China can come to an agreement on trade.
- > EUR/USD is trading below the 1.1100 level after losing ground on Monday as the US and China expressed calm on trade talks following a turbulent Friday.
- > The GBP/USD pair rallied to a high of 1.2309 on Tuesday after Britain opposition Labour Party Leader Jeremy Corbyn stated that he would do everything necessary to prevent UK leaving the European Union without a deal.
- > The AUD/USD dropped below 0.6750 on weaker-than-expected Australian second-quarter construction data.
- > The USD/JPY pair retreated from a daily high of 106.15 to settle around 105.70 amid renewed risk-aversion as trade tensions between the US and China are likely to keep the yen on demand.
- > The Canadian dollar weakened against its US counterpart on Tuesday as investors weighed the prospect of an unexpected interest rate cut next week by the Bank of Canada.
- > South African rand weakened against the greenback on Tuesday, giving up gains on concerns about the US and China trade war and the knock-on effect on global
- > The US dollar gains 3 cents this morning against the Rupee, while the Euro sheds 2 cents, with a few Federal Reserve speeches in the pipeline for today as well as the German 10-year Bond auction.

### Daily Technical View

EUR/USD - A quiet session saw the pair drifting to a low of 1.1087 as the market reverses the post-Jackson Hole spike of 1.1164. Latest IMM FX positioning showed that long USD position across the board has been pared from a 2019 peak of USD 35 billion to around USD 11 billion, the inability of the EUR to take advantage of this position unwinding does not bode well for EUR bulls. Intra-day we are back to the familiar 1.1050-1.1125 range and on the wide 1.1025-1.1165.

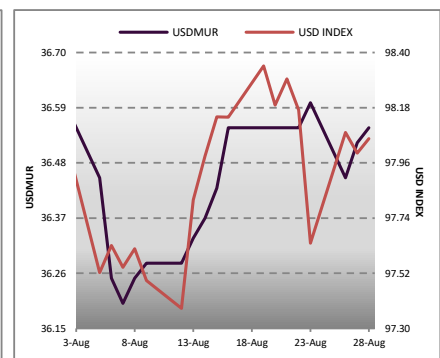
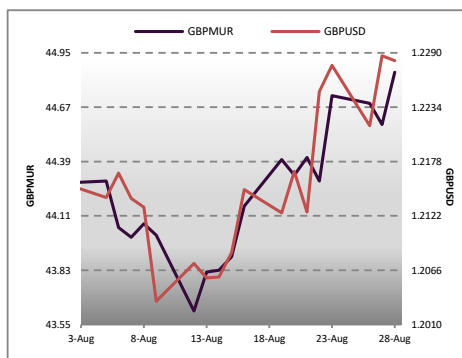
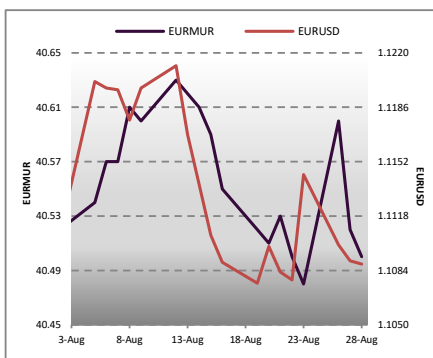
### Market Highlights

#### Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	23.90	(0.05)	24.86	(0.05)
CNYMUR	4.97	0.01	5.22	0.01
EURMUR	39.32	(0.02)	40.50	(0.02)
JPYMUR	33.35	(0.02)	34.68	(0.02)
ZARMUR	2.29	(0.01)	2.40	(0.02)
USDMUR	35.65	0.03	36.55	0.03
GBPMUR	43.54	0.26	44.85	0.27

#### Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	23.92	23.96	24.05	24.91	25.02	25.21
EURMUR	39.41	39.61	39.94	40.62	40.89	41.33
ZARMUR	2.28	2.27	2.23	2.39	2.38	2.37
USDMUR	35.66	35.69	35.78	36.58	36.67	36.85
GBPMUR	43.60	43.74	43.96	44.94	45.15	45.49



#### Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.6751	0.6762	0.6735	0.6740
EURUSD	1.1089	1.1094	1.1085	1.1091
GBPUSD	1.2288	1.2291	1.2269	1.2285
USDJPY	105.73	105.89	105.66	105.87
USDCHF	0.9813	0.9823	0.9809	0.9824
USDCNH	7.17	7.17	7.16	7.17

#### Major Indices

	Value at Close	Day Change %
DOW JONES	25,898.83	(0.47)
S&P 500	2,869.16	(0.32)
FTSE 100	7,089.58	(0.08)
DAX	11,730.02	0.62
CAC 40	5,387.09	0.67
NIKKEI 225	20,496.65	0.20
HANGSENG	25,672.96	0.03

### 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%	-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

- > A widely-watched gauge of the Treasury yield curve inverted further on Tuesday as the 10-year note yield plunged to its lowest level since July 2016.
- > The yield curve's slope is usually positive as investors demand more compensation to own long-term debt against inflationary pressures or monetary policy uncertainty. An inversion of the yield curve, or a negative yield spread, thus points to growing worries about the health of the economy and is seen as a usually reliable indicator of a coming recession.

- > Yields on the US two-year Treasury notes were 5.3 basis points higher than those on the 10-year government bond, the largest gap since March 2007. This kind of inversion of the yield curve has preceded every US recession of the past half century.
- > The 10-year Treasury note yield dropped 5.2 basis points to 1.493 percent, its lowest since July 2016, while the 2-year note rate was down 2.5 basis points to 1.533 percent.

### 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

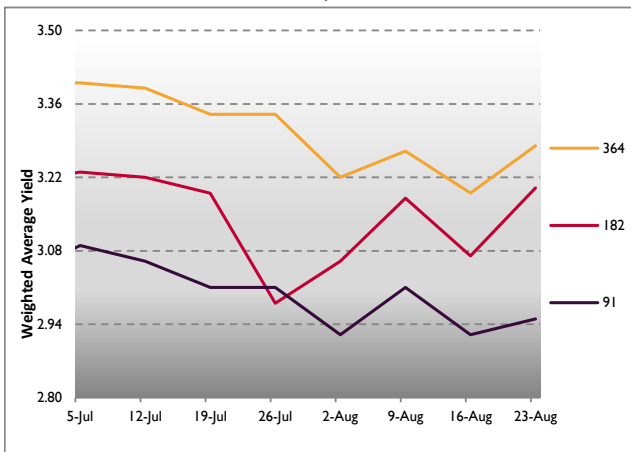
#### Key Central Bank Rates

	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	1.524	1.394
UK Bonds	0.364	0.326
German Bonds	-0.893	-0.922

#### Local Treasury Bills Market



#### Money Market Rates

LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.452	-0.458	-0.447	-0.442
USD	2.137	2.116	2.117	2.038
GBP	0.695	0.709	0.765	0.793
EURIBOR	-0.401	-0.423	-0.418	-0.415

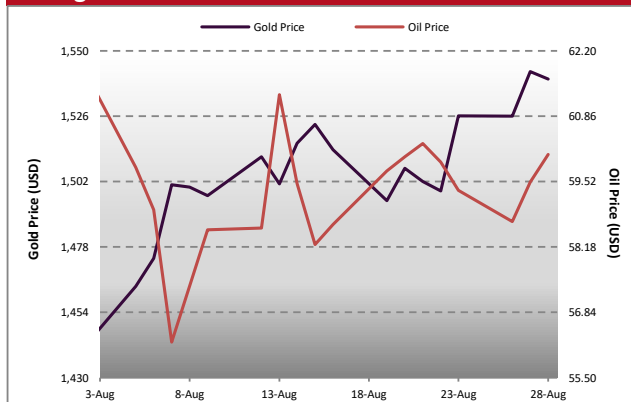
#### Indicative Generic Swap Rates\* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.605	-0.579	-0.501	-0.342
USD LIBOR - 3m	1.498	1.342	1.334	1.390

\*Pay fixed and receive floating swap

## COMMODITIES

### Rolling Gold & Oil Prices



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

### News

> Oil prices gained overnight after the American Petroleum Institute reported that US crude inventories fell more than expected, plummeting by 11.1 million barrels compared with expectations for a 2 million barrel draw. Later today, the Energy Information Administration will release its latest petroleum data where it is expected to report a drop in crude stockpiles.

>The precious metal rose yesterday on flight to safety as markets digested latest conflicts between Washington and Beijing. Fears of a looming recession in the US also spurred demand for the metal. Gold prices however pulled back in an attempt by markets to ease risk aversion but investor confidence remained shaky.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	58.55	(0.39)	60.08	0.57
Gold (\$)	1,540.07	(2.32)	1,541.00	14.70