

FOREIGN EXCHANGE MARKET

News

- > The greenback pared intra-day gains on Wednesday as US and China trade war tension continued to linger and as the US Treasury yield inversion increased concerns of a recession.
- > The EUR/USD dropped to a low of 1.1074 as political and economic uncertainty maintained the share currency under pressure.
- > This Thursday, the most relevant event will be the EU August Economic Sentiment Indicator while Germany will release preliminary August CPI estimates. The US will release the second estimate of Q2 Gross Domestic Product,
- > The cable tumbled to 1.2156 against the USD after the Queen of England agreed to UK Prime Minister Boris Johnson plan to suspend Parliament ahead of the October 31 deadline for the UK to leave the European Union.
- > The Japanese yen retreated to 106.22 against the USD in late New York trade due to gains in the US equities as well as recovery in US Treasury yields.
- > AUD/USD slips into the red on surprisingly below-forecast Aussie CAPEX data.
- > The New Zealand dollar dropped to near four-year lows against its US counterpart after data showed the ANZ business confidence indicator slumped to -52.3 in August the lowest level since September 2015.
- > Mixed signals surrounding the US-China trade talks and a pullback in oil prices are keeping USD/CAD above 1.3300.
- > South Africa rand slowed slightly on Wednesday as traders continued to tread cautiously with an eye on global developments.
- > The US Dollar and the Euro open at the same levels as yesterday ahead of German inflation data and US GDP data due later today.

Daily Technical View

EUR/USD - A session light in economic data kept trading in a tight 1.1075-1.1100 range but the bias is still to the downside as the market is slowly drifting towards the year's low at 1.1026. Despite a recent Fed rate cut and an escalating trade war between China and the US, the EUR is unable to benefit as this is more than offset by a slow-down in Germany, intra-day 1.1050-1.1135 looks to be the trading range and on the wide 1.1000-1.1165.

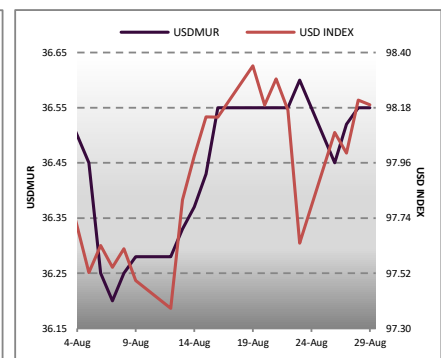
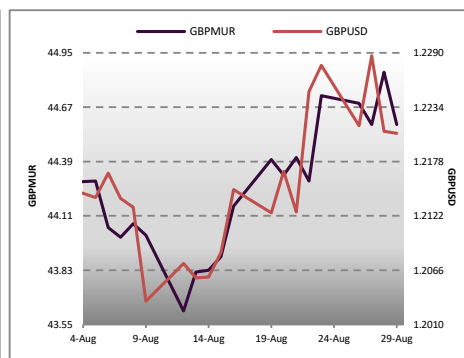
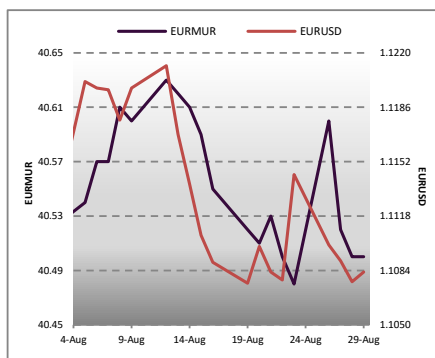
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	23.87	(0.03)	24.82	(0.04)
CNYMUR	4.96	(0.01)	5.21	(0.01)
EURMUR	39.32	-	40.50	-
JPYMUR	33.32	(0.03)	34.65	(0.03)
ZARMUR	2.28	(0.01)	2.39	(0.01)
USDMUR	35.65	-	36.55	-
GBPMUR	43.28	(0.26)	44.58	(0.27)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	23.89	23.93	24.02	24.87	24.98	25.17
EURMUR	39.41	39.61	39.94	40.62	40.89	41.33
ZARMUR	2.27	2.26	2.22	2.38	2.37	2.36
USDMUR	35.66	35.69	35.78	36.58	36.67	36.85
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	0.6733	0.6744	0.6723	0.6727
EURUSD	1.1076	1.1087	1.1078	1.1085
GBPUSD	1.2209	1.2221	1.2200	1.2209
USDJPY	106.11	106.12	105.84	105.90
USDCHF	0.9815	0.9821	0.9801	0.9806
USDCNH	7.17	7.18	7.17	7.17

Major Indices

	Value at Close	Day Change %
DOW JONES	25,777.90	1.00
S&P 500	2,887.94	0.65
FTSE 100	7,114.71	0.35
DAX	11,701.02	(0.25)
CAC 40	5,368.80	(0.34)
NIKKEI 225	20,431.11	(0.24)
HANGSENG	25,617.72	0.01

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
29-Aug	09 00	EU	Business Climate	Aug	-	0.08	-0.12
29-Aug	12 00	DE	Harmonized Index of Consumer Prices	Aug	-	1.2%	1.1%
29-Aug	12 30	US	Initial Jobless Claims	Aug	-	215K	209K
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 further as investors dived into long-term government paper, deepening the inversion of the yield curve's slope.

> Geopolitical jitters drew the attention of market participants who piled into safe haven assets like US government paper. The UK Prime Minister Mr. Boris Johnson announced that he would ask the Queen to extend the suspension of Parliament until October 14, two weeks before the twice-delayed deadline when the UK must leave the European union. This would make it difficult for opponents of a no-deal Brexit to prevent the UK from exiting the EU without a trade deal in hand. A no-deal Brexit would likely slow economic growth not only in Britain but the eurozone also.

> The 10-year UK government bond yield dropped 5.9 basis points to 0.446 percent, while the 10-year US Treasury note yield gave away 3.6 basis point to 1.454 percent. The 2-year US note rate was down by 3.2 basis points to 1.496 percent.

> The Central Bank will issue the 364-Day Government of Mauritius Treasury Bills tomorrow, for a nominal amount of MUR 600 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	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

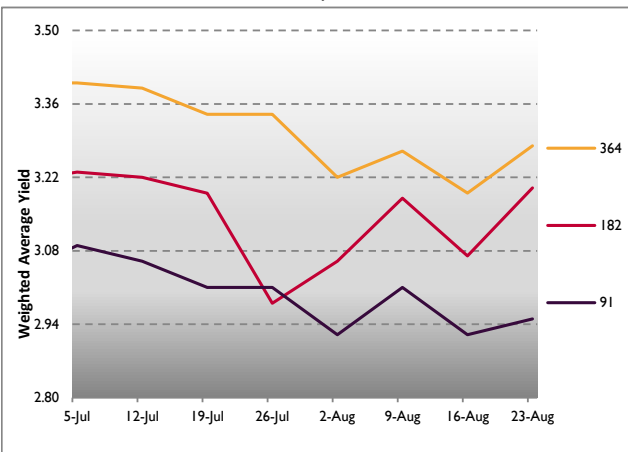
Key Central Bank Rates

	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	1.496	1.352
UK Bonds	0.338	0.285
German Bonds	-0.891	-0.926

Local Treasury Bills Market



Money Market Rates

LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.457	-0.463	-0.455	-0.455
USD	2.135	2.112	2.124	2.035
GBP	0.695	0.706	0.760	0.779
EURIBOR	-0.402	-0.416	-0.418	-0.415

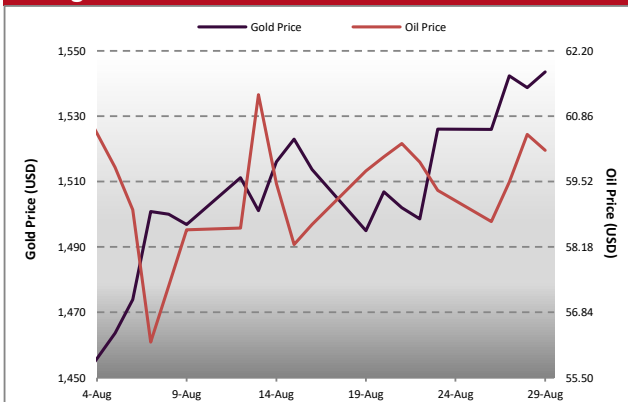
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.598	-0.595	-0.521	-0.367
USD LIBOR - 3m	1.486	1.287	1.283	1.348

*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 surged yesterday after data from the Energy Information Administration showed inventories of US crude fell by 10.03 million barrels for the week ended Aug 23, much more than expectation for a draw of 2.11 million barrels. Prices however retreated later in the day as concerns about a slowdown in economic growth due to the ongoing Sino-US trade war kept prices in check.

> Gold prices resumed their upward trend yesterday amid persisting fears of an economic slowdown with the Sino-US trade conflict while expectation of monetary stimulus from major central banks also boosted demand for the safe-haven.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	60.53	1.99	60.16	(0.33)
Gold (\$)	1,543.71	4.91	1,541.40	3.60