

FOREIGN EXCHANGE MARKET

News

- > The greenback ended mixed against its peers on Monday as investors remained cautious ahead of the Federal Reserve two-day policy meeting and trade talks between China and the United States.
- > The EUR/USD rose to 1.1445 while in his testimony before the European Parliament, Mario Draghi, President of the ECB, stated that the persistence of uncertainties related to geopolitical factors and the threat of protectionism continue to weigh on the economic sentiment in the euro area and repeated that significant monetary policy stimulus was essential in order to lift the inflation toward their target.
- > GBP/USD dropped below the 1.3200 level after strong gains on Friday as traders turn more cautious ahead this Tuesday key parliamentary votes that should give further information on the nature of the UK exit from the European Union.
- > The safe-haven yen firmed on Tuesday after the US Justice Department charged China Huawei Technologies Co Ltd with fraud, ratcheting up US and China trade tensions and prompting investors to ditch risky assets.
- > The AUD/USD edged lower after the Australian business conditions for December slumped 9 points.
- > South African rand weakened against the dollar on Monday, before a week packed with market-moving events.
- > The Canadian dollar weakened against its US counterpart on Monday, pulling back from its highest in more than two weeks as oil prices fell and investors grew more worried about China economy.
- > The USD sheds 5 cents this morning, while the Pound Sterling loses 25 cents against the Rupee with the UK Parliamentary vote on Brexit Plan B awaited today.

Daily Technical View

EUR/USD - The EUR extended its rally against the USD to 1.1445 after ECB President Draghi mentioned that there was no need for more stimulus from the European Central bank. The current upside stalled ahead of the 100 DMA resistance level at 1.1450 and the market needs to clear that level to trigger a move towards 1.1500/70 area or else we might see a downside consolidation towards 1.1370 before another try higher.

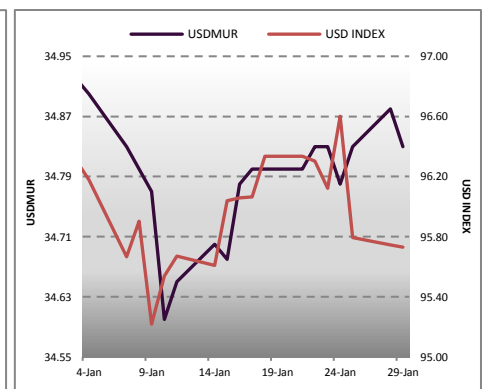
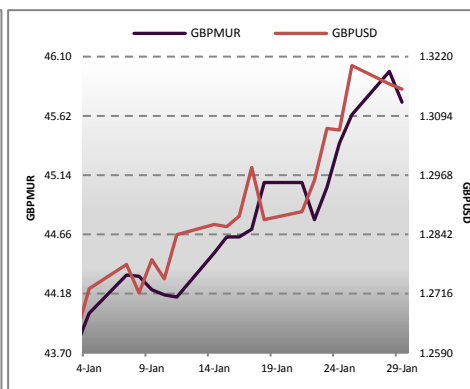
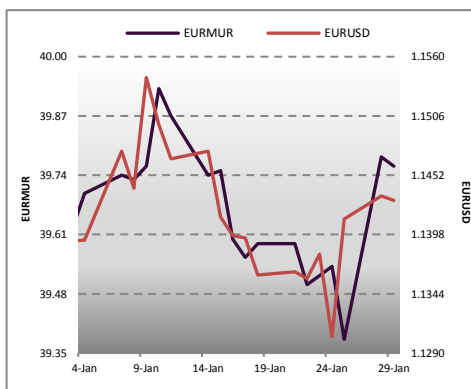
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	24.18	(0.17)	25.15	(0.17)
CNYMUR	5.01	(0.02)	5.27	(0.02)
EURMUR	38.60	(0.02)	39.76	(0.02)
JPYMUR	30.75	-	31.98	-
ZARMUR	2.45	(0.01)	2.57	(0.01)
USDMUR	33.93	(0.05)	34.83	(0.05)
GBPMUR	44.40	(0.24)	45.73	(0.25)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	24.18	24.19	24.21	25.19	25.25	25.37
EURMUR	38.70	38.90	39.21	39.88	40.14	40.57
ZARMUR	2.44	2.42	2.39	2.56	2.55	2.53
USDMUR	33.93	33.92	33.93	34.85	34.90	34.99
GBPMUR	44.47	44.60	44.80	45.83	46.03	46.36



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7163	0.7171	0.7139	0.7165
EURUSD	1.1426	1.1443	1.1418	1.1432
GBPUSD	1.3166	1.3167	1.3143	1.3152
USDJPY	109.34	109.37	109.13	109.33
USDCHF	0.9918	0.9927	0.9913	0.9925
USDCNH	6.75	6.77	6.75	6.76

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	24,737.20	(0.84)
S&P 500	2,643.85	(0.78)
FTSE 100	6,747.10	(0.91)
DAX	11,210.31	(0.63)
CAC 40	4,888.58	(0.76)
NIKKEI 225	20,538.74	(0.53)
HANGSENG	27,505.21	(0.26)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
29-Jan	-	UK	Parliamentary vote on Brexit Plan B	-	-	-	-
30-Jan	00 30	AU	Consumer Price Index (YoY)	Q4	-	1.7%	1.9%
30-Jan	19 00	US	Fed Interest Rate Decision	-	-	2.5%	2.5%
31-Jan	10 00	EU	Gross Domestic Product s.a.	(YoY)	-	1.2%	1.6%

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 prices recovered yesterday, dragging yields lower from their session highs, after a stock-market drop drew investors into haven assets like government paper, helping to offset some of the effects of a round of debt auctions.
- > The bond market erased its earlier losses after a raft of earnings misses from Caterpillar and NVD sparked selling in equities, with the S&P 500 and the Dow all trading lower.

- > Market participants are gearing up for two-day meeting of the Federal Open Market Committee on Tuesday, which will end with a news conference on Wednesday for the first time in a non-quarterly meeting. Investors will closely watch if the central bank rate-setting body heeds calls from fixed-income investors for patience on rate increases, and whether the Federal Reserve will acknowledge demands for the balance-sheet reduction to maintain a slower pace.
- > The 10-year US Treasury note yield dropped 0.9 basis point to 2.744 percent, after hitting an intraday high of 2.766 percent, while the 2-year note yield inched lower by 0.6 basis point to 2.592 percent.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	3.05	-
2M	3.15	-
3M	3.25	3.10
4M	3.35	-
6M	3.46	3.31
8M	3.50	-
10M	3.55	-
1Y	3.60	3.45

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Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	3.95	3.75
3 year	4.15	3.95
4 Year	4.45	4.25
5 Year	4.95	4.70
10 Year	5.50	5.25
15 year	6.10	5.85
20 Year	6.20	5.95

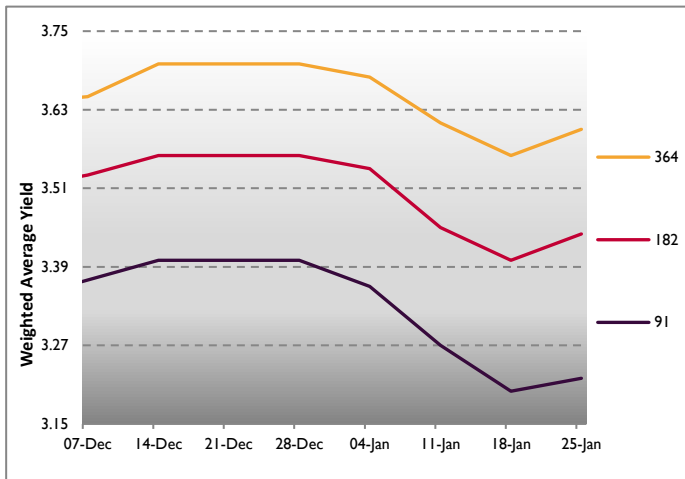
Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	3.50	3.50
Fed Funds Rate	2.25 - 2.50	2.00 - 2.25
BoE Bank Rate	0.75	0.75
ECB Ref. Rate	0.0	0.0
RBA Cash Rate	1.50	1.50

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	2.5867	2.577
UK Bonds	0.782	0.912
German Bonds	-0.584	-0.327

Local Treasury Bills Market



Money Market Rates

LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.441	-0.418	-0.335	-0.288
USD	2.407	2.502	2.751	2.830
GBP	0.705	0.733	0.923	1.042
EURIBOR	-0.376	-0.368	-0.307	-0.237

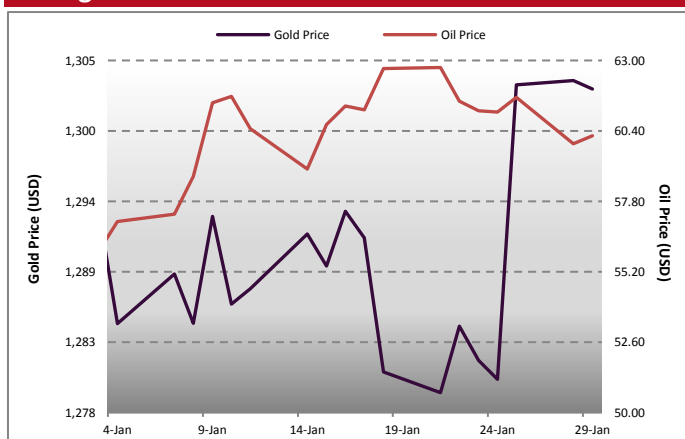
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.215	0.114	0.358	0.687
USD LIBOR - 3m	2.723	2.638	2.676	2.769

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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

News

- > Increased oil rigs by US energy firms continued to pressure oil prices as the commodity tumbled 2 percent yesterday while political turmoil in Venezuela triggered concerns that its crude exports could soon be disrupted.
- > Saudi Arabia announced that it will maintain its efforts to reduce oil output once again in February by aiming to pump about 10.1 million barrels per day (bpd) compared to a targeted 10.2 million bpd for January.
- > Gold prices steadied around the USD 1,300.00 level overnight and remained in a bullish conservative phase as investors await the results of the latest Federal Reserve policy decision as well as another round of trade talks between the US and China.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	60.17	(1.77)	60.21	0.28
Gold (\$)	1,303.94	0.48	1,302.40	5.00