

FOREIGN EXCHANGE MARKET

News

- > The US dollar rebounded on upbeat US consumer confidence and lingering tensions between the US and China.
- > The AUD/USD remained unchanged trading around 0.6930 with the US and China trade tensions being on the frontline.
- > The euro weakened to 1.1160 due to the stronger dollar and political tensions over who will rule Europe as the European Union meets to decide who will succeed Jean-Claude Juncker as European Commission President.
- > The Canadian dollar weakened against its US counterpart on Tuesday as the greenback broadly climbed ahead of a Bank of Canada interest rate decision this Wednesday.
- > The GBP/USD fell to 1.2650 amid political turmoil correlated to Brexit and the upcoming election of a new Prime Minister.
- > South African rand tumbled to 14.7350 its weakest in three weeks on Tuesday as Deputy President David Mabuza was sworn in as a lawmaker after being cleared by the ruling African National Congress of bringing the party into disrepute.
- > The yen was stronger at 109.14 per dollar on the lower US yields and after US President Donald Trump stated on Monday he expected Japan and the US to announce a trade agreement in August probably.
- > The US Dollar opens 3 cents higher this morning against the local currency, with a data filled day expected out of the US today.

Daily Technical View

EUR/USD - The EUR traded lower to 1.1160 against the USD as the greenback was supported by the market risk-averse mood and an uptick in US consumer confidence data. Intra-day we may see a drift lower towards 1.1110/40 support area while 1.1200/25 resistance area caps the upside.

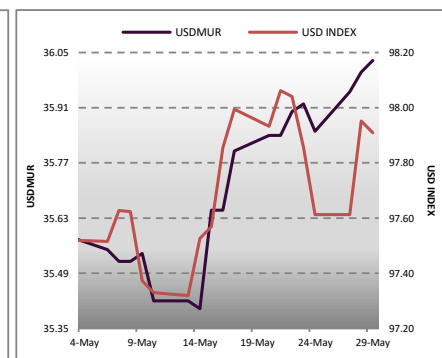
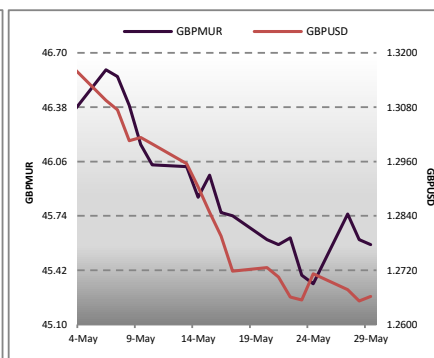
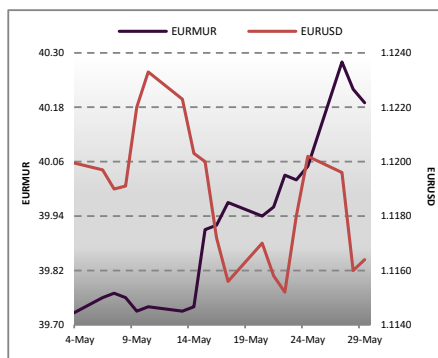
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	24.22	0.03	25.19	0.03
CNYMUR	5.06	(0.01)	5.32	(0.01)
EURMUR	39.02	(0.03)	40.19	(0.03)
JPYMUR	31.82	0.08	33.09	0.08
ZARMUR	2.35	(0.04)	2.47	(0.04)
USDMUR	35.13	0.03	36.03	0.03
GBPMUR	44.24	(0.03)	45.57	(0.03)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	24.24	24.27	24.34	25.24	25.33	25.50
EURMUR	39.11	39.31	39.63	40.31	40.57	41.01
ZARMUR	2.34	2.32	2.29	2.46	2.45	2.43
USDMUR	35.13	35.13	35.16	36.05	36.11	36.23
GBPMUR	44.30	44.44	44.66	45.66	45.87	46.21



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.6922	0.6931	0.6921	0.6931
EURUSD	1.1160	1.1173	1.1160	1.1164
GBPUSD	1.2652	1.2665	1.2651	1.2664
USDJPY	109.36	109.42	109.16	109.25
USDCHF	1.0074	1.0076	1.0059	1.0063
USDCNH	6.92	6.93	6.92	6.93

Major Indices

	Value at Close	Day Change %
DOW JONES	25,585.69	(0.93)
S&P 500	2,802.39	(0.84)
FTSE 100	7,268.95	(0.12)
DAX	12,027.05	(0.37)
CAC 40	5,312.69	(0.44)
NIKKEI 225	21,005.53	(1.20)
HANGSENG	27,367.75	(0.08)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
28-May	09 00	EU	Business Climate	May	0.30	0.40	0.42
29-May	14 00	CA	BoC Interest Rate Decision	May	-	1.75%	1.75%
30-May	12 30	US	Gross Domestic Product Annualized	Q1	-	3.1%	3.2%
30-May	12 30	US	Initial Jobless Claims	May	-	215K	211K

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 ticked higher yesterday, pushing yields to fresh lows, as worries about US-China trade relations and signs of jitters abroad, drove demand for assets perceived as havens in post-Memorial Day trade.

> Investors demonstrated strong demand for bonds at a strong auction for 2-year notes, which are sensitive to shifting expectations for Fed policy. Yields for short-dated maturities have retreated sharply in May, lifting their prices, as the bond-market expectations for a rate cut become increasingly prominent.

> The 10-year US Treasury note yield dropped 6 basis points to 2.268 percent, its lowest since September 2017, while the 2-year note yield gave away 4.6 basis points to 2.129 percent, its lowest since February 2018.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	2.50	-
2M	2.60	-
3M	2.70	2.55
4M	2.82	-
6M	2.95	2.80
8M	3.03	-
10M	3.12	-
1Y	3.20	3.05

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Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	3.50	3.30
3 year	3.70	3.50
4 Year	4.00	3.80
5 Year	4.50	4.25
10 Year	5.25	5.00
15 year	5.80	5.55
20 Year	6.05	5.80

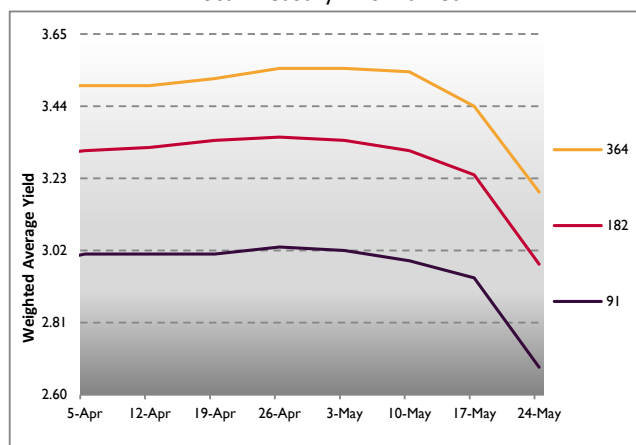
Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	3.50	3.50
Fed Funds Rate	2.25 - 2.50	2.25 - 2.50
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	2.0809	2.030
UK Bonds	0.61	0.673
German Bonds	-0.644	-0.556

Local Treasury Bills Market



Money Market Rates

LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.446	-0.424	-0.351	-0.319
USD	2.391	2.429	2.524	2.541
GBP	0.698	0.726	0.795	0.892
EURIBOR	-0.380	-0.372	-0.311	-0.240

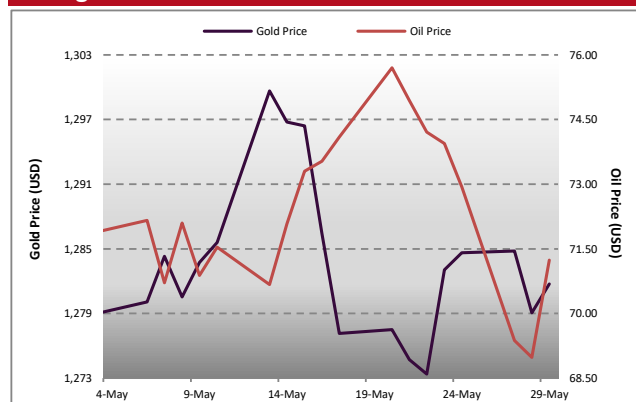
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.326	-0.146	0.031	0.303
USD LIBOR - 3m	2.106	2.011	2.080	2.184

*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 rose for the first time in four days to trade above the USD 70.0 level as supply cuts led by producer club OPEC and US sanctions on fuel exports from Iran and Venezuela outweighed concerns about an economic slowdown.

> The oil market has also been supported yesterday after flooding throughout the Midwest constrained crude flow from the main US storage hub in Cushing, Oklahoma.

> The yellow metal edged lower overnight amid a stronger US dollar while the market remains directionless for the moment as signals are mixed for the commodity with Brexit concerns and intensifying trade tensions.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	71.25	2.27	69.67	(0.44)
Gold (\$)	1,281.74	2.68	1,276.50	(6.50)