

FOREIGN EXCHANGE MARKET

News

- > The US dollar traded mixed against its peers on Tuesday on continued trade concerns between US and China while investors remain cautious ahead of the Federal Reserve interest rate decision later today.
- > The EUR/USD rose to a 2-week high at 1.1451 ahead of the German CPI and FOMC rate decision this Wednesday.
- > The GBP/USD pair tumbled to 1.3064 on no-deal Brexit concern after UK lawmakers rejected most amendments.
- > The Australian dollar jumped after inflation figures eased concerns about the economy.
- > The Japanese yen gained slightly against the USD after the release of better than expected retail sales which jumped 1.3 percent year-on-year in December, beating the estimated figure of 0.8 percent.
- > South African rand firmed on Tuesday, gaining with other emerging market currencies on hopes of a pause to increases to US interest rates.
- > The Canadian dollar edged lower against its US counterpart on Tuesday despite higher oil prices ahead of a Federal Reserve US rate decision and Canada monthly gross domestic product data this week.
- > The USD sheds another 3 cents this morning, with the market now awaiting the Fed interest rate decision later this evening.

Daily Technical View

EUR/USD - Yesterday the pair shuffled in a narrow 1.1411-1.1451 range as the market awaits the outcome of today's FOMC interest rate meeting. The consolidation above 1.1400 bodes well for more upside towards 1.1490/1.1525 if the 1.1450 technical resistance is cleared and 1.1345/80 levels hold the pull-back. The overall big picture is that we have been trading in a 1.1260-1.1570 range during the last two months and the market needs to break that range to trigger a more meaningful trend either side.

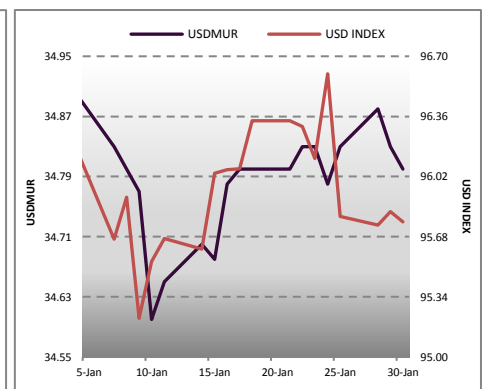
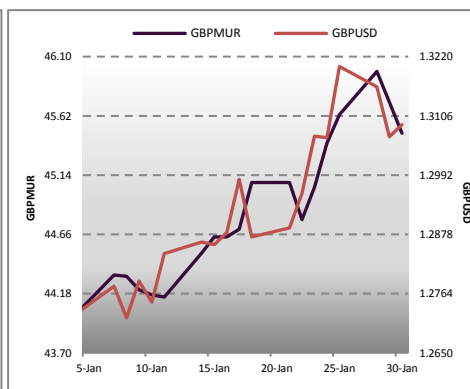
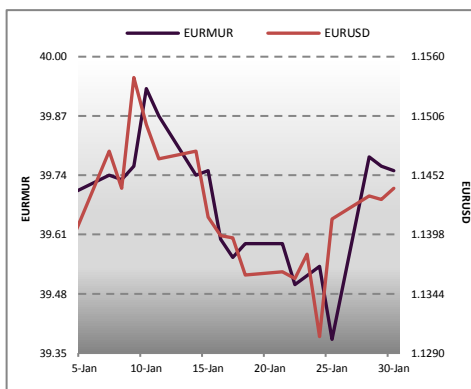
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	24.27	0.09	25.24	0.09
CNYMUR	5.03	0.02	5.29	0.02
EURMUR	38.59	(0.01)	39.75	(0.01)
JPYMUR	30.69	(0.06)	31.92	(0.06)
ZARMUR	2.46	0.01	2.58	0.01
USDMUR	33.90	(0.03)	34.80	(0.03)
GBPMUR	44.16	(0.24)	45.48	(0.25)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	24.27	24.28	24.30	25.28	25.34	25.46
EURMUR	38.69	38.89	39.20	39.87	40.13	40.56
ZARMUR	2.45	2.43	2.40	2.57	2.56	2.54
USDMUR	33.90	33.89	33.90	34.82	34.87	34.96
GBPMUR	44.23	44.36	44.56	45.58	45.78	46.11



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7154	0.7197	0.7151	0.7198
EURUSD	1.1431	1.1446	1.1427	1.1440
GBPUSD	1.3064	1.3096	1.3062	1.3093
USDJPY	109.38	109.44	109.22	109.35
USDCHE	0.9944	0.9955	0.9944	0.9955
USDCNH	6.75	6.75	6.73	6.73

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	24,528.22	0.21
S&P 500	2,640.00	(0.15)
FTSE 100	6,833.93	1.29
DAX	11,218.83	0.08
CAC 40	4,928.18	0.81
NIKKEI 225	20,603.15	(0.30)
HANGSENG	27,588.06	0.20

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
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%
31-Jan	13 30	US	Initial Jobless Claims	Jan	-	215K	199K
01-Feb	13 30	US	Nonfarm Payrolls	Jan	-	166K	312K

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

- > Treasury yields retreated yesterday as the Federal Reserve two-day meeting is under way, with investors hoping to glean fresh insights on the central bank policy plans.
- > The Federal Open Market Committee is gathering for its first meeting of 2019, which will conclude with Fed Chairman Jerome Powell's news conference later on Wednesday. Market participants are looking for indication that the Central Bank will pause its rate-increase cycle amid fear that the economic momentum could stall further if the Federal Reserve carries out another dose of monetary tightening. Still, market expectations, reflected in a plot of the policy makers projections for interest rates, known as the dot plot, are for two more rate increases in 2019.

- > Fresh details on the central bank's plan for its balance-sheet reduction will also draw scrutiny after minutes from the December meeting showed it was open to dialing back the rate at which Treasuries and government-sponsored mortgage bonds rolled off its more than USD4+ trillion asset portfolio.
- > The 10-year US Treasury note yield fell 3.2 basis points to 2.712 percent, while the 2-year note yield gave away 2.3 basis points to 2.569 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	2.5746	2.552
UK Bonds	0.778	0.914
German Bonds	-0.572	-0.338

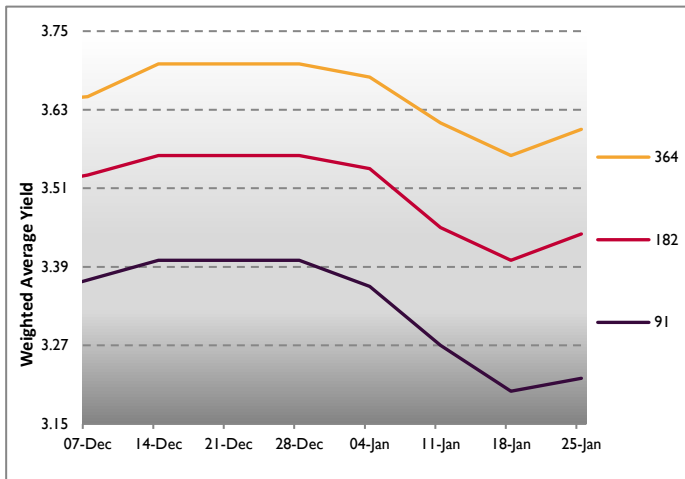
Money Market Rates

LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.441	-0.417	-0.337	-0.292
USD	2.414	2.499	2.744	2.823
GBP	0.705	0.733	0.931	1.040
EURIBOR	-0.377	-0.368	-0.307	-0.237

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.222	0.099	0.335	0.658
USD LIBOR - 3m	2.701	2.634	2.667	2.744

*Pay fixed and receive floating swap

Local Treasury Bills Market

COMMODITIES
Rolling Gold & Oil Prices


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News

- > US sanctions on Venezuela's oil industry fueled concerns that its supply could soon be disrupted, pushing oil prices higher as Brent crude oil futures rose 17 cents to USD 61.49.
- > Gold prices kept the pace and consolidated close to the USD 1,315 this morning, an 8-month high, as renewed doubts over the US-China trade resolution boosted the safe-haven bids for gold. Traders now eagerly await the Fed decision later today.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	61.44	1.28	61.67	0.35
Gold (\$)	1,314.33	2.47	1,312.20	4.00