

FOREIGN EXCHANGE MARKET

News

- > Dollar gained broadly, as a recovery in US stocks where the Dow rallied from a 3-month low triggered broad-based USD buying in late New York trading. The dollar was also underpinned by weakness in the euro on fresh signs of political tensions between Italy and the European Union.
- > This Thursday, the US will release the first revision of the Q1 GDP along with the weekly unemployment claims, April trade balance, and Pending home sales.
- > The EUR/USD dropped to 1.1125 as the German unemployment rate jumped to 5.0 percent from the previous 4.9 percent, worse than anticipated while concerns over Italy debt continued to linger.
- > The GBP/USD pair remained weak trading at a low of 1.2612 while this Thursday, BOE Deputy Governor Ramsden is scheduled to speak and the UK will release the GFK Consumer Confidence Index for May.
- > The USD/JPY rebounded to 109.64 a five-day high as treasury yields climbed.
- > South African rand steadied on Wednesday ahead of President Cyril Ramaphosa awaited announcement of a new cabinet, recovering from a five-month low.
- > AUD/USD registers upmove despite weak set of data which might exhort the RBA to commit to easing rates, starting next month.
- > USD/CAD spiked yesterday to around mid-1.3500s as the continuing oil slump keeps weighing on the Loonie, the pair later retreated to close at the 1.3515 level.
- > The US Dollar maintains its rise on the local market, gaining another 4 cents against the Rupee, with yet another data filled day expected out of the US.

Daily Technical View

EUR/USD - The single currency posted a fresh week low of 1.1125 against the USD, weighed down by a rise in German unemployment and as falling equities kept the risk-averse market tone. Another test towards the year low at 1.1107 looks likely, with break targeting key support at 1.1080, on the upside 1.1180 and 1.1225 resistance levels are expected to cap counter-trend rallies.

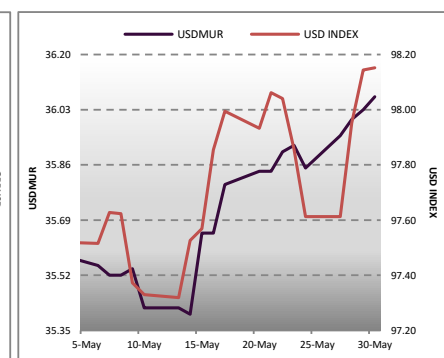
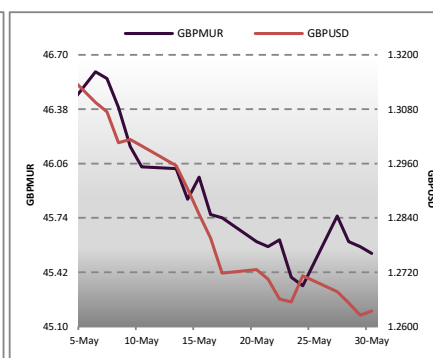
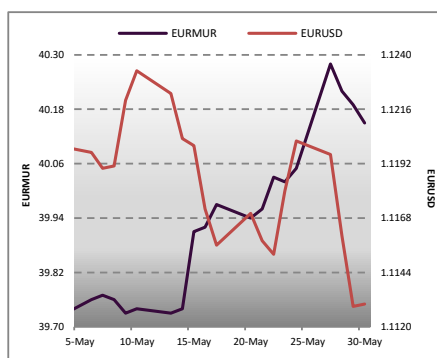
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	24.25	0.03	25.22	0.03
CNYMUR	5.07	0.01	5.33	0.01
EURMUR	38.98	(0.04)	40.15	(0.04)
JPYMUR	31.77	(0.05)	33.04	(0.05)
ZARMUR	2.37	0.02	2.49	0.02
USDMUR	35.17	0.04	36.07	0.04
GBPMUR	44.20	(0.04)	45.53	(0.04)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	24.27	24.30	24.37	25.27	25.36	25.53
EURMUR	39.07	39.27	39.59	40.27	40.53	40.97
ZARMUR	2.36	2.34	2.31	2.48	2.47	2.45
USDMUR	35.17	35.17	35.20	36.09	36.15	36.27
GBPMUR	44.26	44.40	44.62	45.62	45.83	46.17



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.6917	0.6934	0.6917	0.6931
EURUSD	1.1129	1.1144	1.1131	1.1133
GBPUSD	1.2625	1.2639	1.2622	1.2639
USDJPY	109.59	109.75	109.49	109.72
USDCHE	1.0077	1.0084	1.0072	1.0082
USDCNH	6.93	6.93	6.92	6.93

Major Indices

	Value at Close	Day Change %
DOW JONES	25,347.77	(0.87)
S&P 500	2,783.02	(0.69)
FTSE 100	7,185.30	(1.15)
DAX	11,837.81	(1.57)
CAC 40	5,222.12	(1.70)
NIKKEI 225	20,877.95	(0.60)
HANGSENG	27,077.89	(0.58)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
29-May	14 00	CA	BoC Interest Rate Decision	May	1.75%	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
31-May	12 00	EU	Harmonized Index of Consumer Prices	May	-	1.4%	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

- > Treasury prices rallied yesterday after fears of a further escalation in trade tensions drew selling in global equities, stoking demand for haven assets.
- > Investors piled into government paper after reports stated that Beijing could curb its exports of rare earths to the US as a retaliatory measure against Washington.
- > The rising concern over the US-China trade war and slowing global economic growth has stirred speculation that the Federal Reserve will soon have to cut interest rates, sending yields on the benchmark 10-year Treasury note to a 20-month low.

> The yield on 10-year US Treasury bonds fell by as much as 6 basis points to 2.21 percent, its lowest level since September 2017, before rebounding to 2.24 percent. In Europe, German Bunds of the same maturity were trading with a yield of minus 0.18 per cent, just above their record lows of 2016.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	2.40	-
2M	2.50	-
3M	2.55	2.40
4M	2.65	-
6M	2.80	2.65
8M	2.90	-
10M	2.98	-
1Y	3.05	2.90

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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

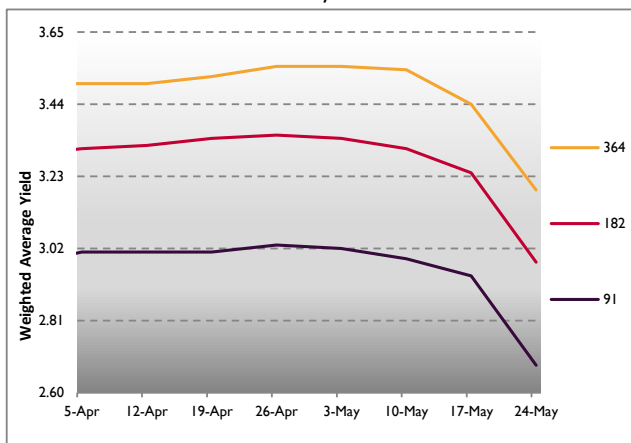
Key Central Bank Rates

	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	2.1089	2.074
UK Bonds	0.589	0.66
German Bonds	-0.641	-0.545

Local Treasury Bills Market



Money Market Rates

LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.446	-0.423	-0.351	-0.317
USD	2.387	2.439	2.522	2.524
GBP	0.701	0.727	0.794	0.889
EURIBOR	-0.386	-0.374	-0.315	-0.242

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.329	-0.151	0.022	0.291
USD LIBOR - 3m	2.149	2.076	2.113	2.217

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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News

> Oil prices edged up on Thursday after an industry report showed a larger-than-expected decline in US crude inventories of 5.3 million barrels in the week to May 24, as a 900,000-barrel fall had been expected by analysts.

> Gold prices edged down on Thursday in Asia despite a highly tense Sino-US trade war, as the US dollar benefits from the resulting flight to safety to the detriment of the traditional safe haven precious metal.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	71.85	0.61	69.85	0.40
Gold (\$)	1,277.50	(1.70)	1,275.80	(4.80)