

FOREIGN EXCHANGE MARKET

News

- > The USD is ending 2020 on a down note, as it fell to multi-year lows against majority of its peers in thin year-end trading, on growing risk appetite due to optimism over more US fiscal support and as Covid-19 vaccines get rolled out.
- > GBP/USD rose to 1.3643, levels that have not been seen since May 2018 as the pound was boosted by the post-Brexit trade deal struck between the UK and the EU after the Queen gave her approval on Wednesday.
- > Market activity will remain muted today as most traders are on holiday while more activity will start on Monday.
- > 2020 is ending in a very different place from where it began. Early this year the US economy looked to be sturdy and the country unemployment rate hovered at record low levels. However later in January a new type of coronavirus was identified in China which spread globally and reached pandemic proportions in March infecting populations worldwide.
- > Businesses were shuttered, travel came to a halt and countries went into lockdown in an effort to halt the spread of the disease. Other events of note in 2020 is the end of the Donald Trump presidency in the US election while the UK-EU divorce drama finally reached an accord.
- > Since January 2020, the Mauritian rupee has depreciated by approximately 8 percent against the dollar, to close at MUR 39.80/USD today. The Covid-19 pandemic has crippled tourism, our major supplier of foreign currency in Mauritius, as well as other sectors like textile, manufacturing and agriculture since external demand has plunged amid severe economic contraction in our main exports markets.
- > The Bank of Mauritius has sold USD 944.3 million on the local market since March 2020 in an attempt to maintain stability on the foreign exchange market and address any deficiency in foreign exchange liquidity.

Daily Technical View

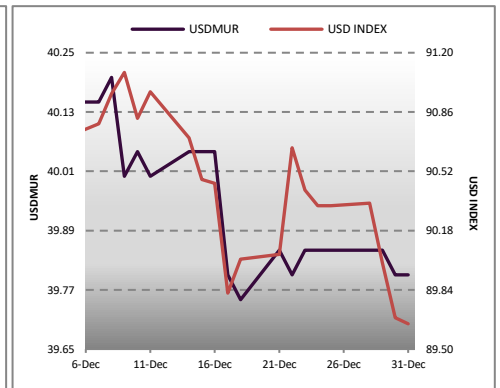
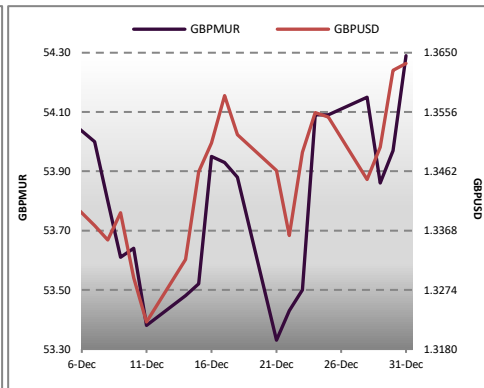
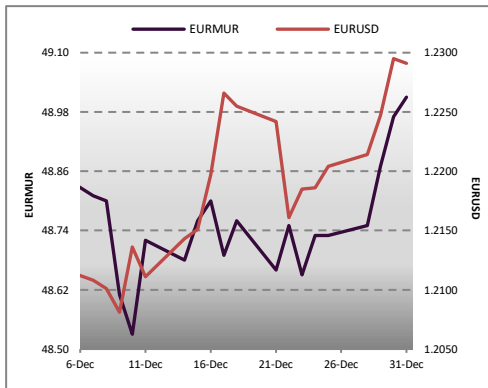
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	29.80	0.21	30.99	0.22
CNYMUR	5.98	0.01	6.29	0.01
EURMUR	47.58	0.04	49.01	0.04
JPYMUR	37.33	0.07	38.82	0.07
ZARMUR	2.62	0.01	2.79	0.01
USDMUR	38.90	-	39.80	-
GBPMUR	52.71	0.31	54.29	0.32

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	29.79	29.76	29.72	31.01	31.04	31.14
EURMUR	47.57	47.53	47.48	49.06	49.16	49.32
ZARMUR	2.60	2.57	2.51	2.79	2.79	2.80
USDMUR	38.88	38.82	38.72	39.81	39.85	39.91
GBPMUR	52.70	52.66	52.59	54.32	54.37	54.48



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7685	0.7708	0.7679	0.7704
EURUSD	1.2296	1.2309	1.2286	1.2291
GBPUSD	1.3622	1.3649	1.3606	1.3631
USDJPY	103.17	103.23	103.08	103.15
USDCHF	0.8810	0.8823	0.8808	0.8823
USDCNH	6.50	6.52	6.49	6.51

Major Indices

	Value at Close	Day Change %
DOW JONES	30,335.67	0.24
S&P 500	3,732.04	0.13
FTSE 100	6,555.82	(0.71)
DAX	13,761.38	(0.31)
CAC 40	5,599.41	(0.22)
NIKKEI 225	27,444.17	(0.45)
HANGSENG	27,231.13	0.31

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior

News

- > US government bond prices have fallen this year, as a result, sending yields close to their highest levels in nine months. Longer-dated Treasuries have borne the brunt of the sell-off, with yields on the 10-year Treasury note climbing from below 0.7 per cent at the start of October to just under 1 per cent.
- > The US is set to flood the market with long-term bonds next year, raising questions over who will buy the debt and at what price. With expectations for higher growth and inflation in 2021, strategists believe that the US may be forced to offer higher interest rates on longer-dated securities to entice investors to purchase the debt.

- > The Monetary Policy Committee of the Bank of Mauritius cut the Key Repo Rate twice this year in light of the disruptive effects of COVID-19 on the Mauritian economy and its ensuing implications. A 50 basis point cut on 10 March 2020 followed by a 100 basis point cut on 16 April 20, has moved the Repo Rate from 3.35 percent to 1.85 percent.
- > The massive liquidity surplus on the local market is driving the yield curve, with both short-term and long-term bills yields dropping to their lowest levels during the year 2020.

Market Highlights
Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	0.30	0.15
2M	0.30	0.15
3M	0.30	0.15
4M	0.32	0.17
6M	0.35	0.20
8M	0.38	0.23
10M	0.42	0.27
1Y	0.45	0.30

[Click here to access our Mauritian Bond Market page](#)

Local Secondary Market T-Bonds

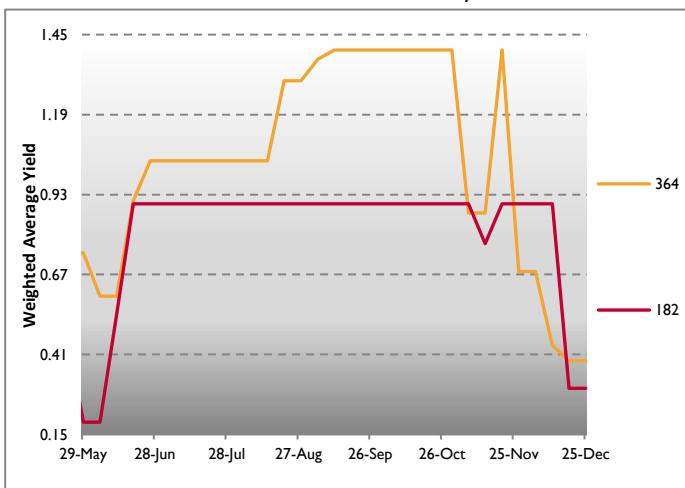
	Bid (%)	Offer (%)
2 year	1.00	0.80
3 year	1.30	1.10
4 Year	1.35	1.15
5 Year	1.55	1.30
10 Year	2.35	2.10
15 year	2.80	2.55
20 Year	3.10	2.85

Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	1.85	1.85
Fed Funds Rate	0.00 - 0.25	0.00 - 0.25
BoE Bank Rate	0.10	0.10
ECB Ref. Rate	0.00	0.00
RBA Cash Rate	0.25	0.25

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	0.125	0.370
UK Bonds	-0.14	-0.072
German Bonds	-0.7	-0.736

Auction Results of Treasury Bills

Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.586	-0.607	-0.562	-0.533
USD	0.102	0.147	0.254	0.257
GBP	0.028	0.019	0.024	0.031
EURIBOR	-0.570	-0.555	-0.538	-0.523

* LIBOR rates delayed by 48 hours. Source: ICE

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.524	-0.476	-0.403	-0.267
USD LIBOR - 3m	0.222	0.440	0.668	0.945

* Pay fixed and receive floating swap

COMMODITIES
Rolling Gold & Oil Prices


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

- > Gold hit a record high of USD 2,075 in August 2020, mainly on the back of the unprecedented inflation-boosting monetary and fiscal stimulus programs launched by authorities worldwide to counter the coronavirus-induced economic slowdown.
- > A drastic drop in oil demand with the pandemic was worsened by a supply glut following the Russia–Saudi Arabia oil price war in March 2020. Brent dropped to a low of USD 9.00 a barrel while WTI fell to USD 37.00 per barrel in April 2020. Despite OPEC+ removing some excess supply from the market in an effort to address the unprecedented turmoil, the market is still facing an ongoing global crude oil supply glut.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	50.38	(0.18)
Gold (\$)	1,887.18	(6.19)