

FOREIGN EXCHANGE MARKET

News

The greenback is ending the year on a strong note on the US Federal Reserve decision to kick-start tapering. The coronavirus pandemic that hit the world in March 2020 still goes on, although there is a better economic perspective. US economic progress was faster through the first half of the year, while the pace of the recovery in Europe picked up in the second and third quarters.

EUR/USD pair started the year trading at 1.2239 from a low of 1.0635 hit in March 2020, when the crisis started. However, sentiment in 2021 seesawed between fear and hope related to the pandemic while the high for this year was at 1.2349 on January 6 on risk on mood and the low was at 1.1185 on November 24, triggered by interest rate divergence policies across the Atlantic.

GBP/USD closed the 2020 year at 1.3662 and traded in a narrow range for 2021. The pair reached a high of 1.4249 on June 1 on optimism of economic recovery and rate hike with the Bank of England being the first major Central Bank to raise rates to 0.15 percent in December, while the low came in on December 8 at 1.3159.

The Japanese yen started 2021 with what turned out to be its high for the year at 102.58 against the US dollar on January 6th, and has undergone a general depreciation throughout the year until it reached a low of 115.50 per USD on November 24th. The BoJ kept the interest rate at -0.1 percent all year, along the line of most central banks. USD/JPY ends the year around 115.10.

2021 has been quite a bumpy ride for the ZAR, starting the year at around 15.55 against the USD and gradually appreciating to its highest level in June (13.4066 on June 7th) only to eventually fall back to end the year around where it started, now trading at around 15.90, with a low of 16.3665 recorded on November 26th. The SARB kept the interest rate at 3.5 percent all year only to raise it last month, on Nov 18th, to 3.75 percent, because of higher risks of inflation, as per SARB governor Lesetja Kganyago.

Daily Technical View

The EUR/USD has seen its price move down in 2021. From a year's high of 1.2349 traded in the 1st week of January to the low of 1.1185 in November and December has seen a narrow range of 1.1220 to 1.1360. Overall the single pair was bearish for the year, favouring sellers.

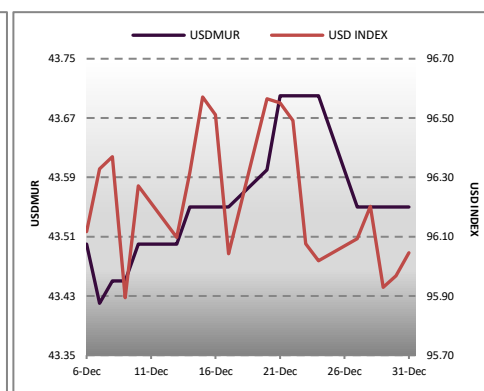
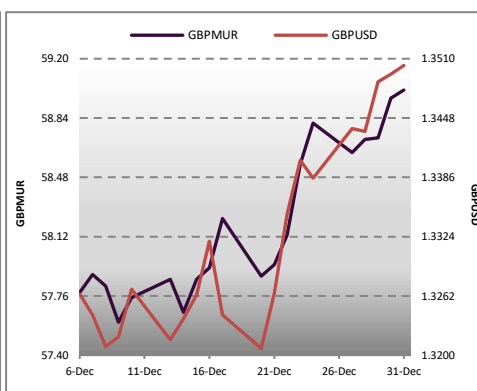
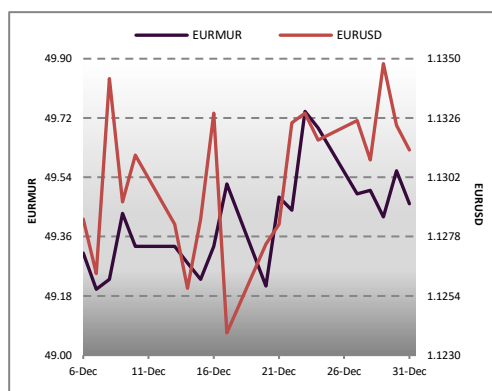
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.78	(0.02)	32.01	(0.02)
CNYMUR	6.68	(0.01)	7.02	(0.01)
EURMUR	48.02	(0.10)	49.46	(0.10)
JPYMUR	36.69	(0.01)	38.16	(0.01)
ZARMUR	2.63	-	2.80	-
USDMUR	42.65	-	43.55	-
GBPMUR	57.29	0.05	59.01	0.05

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.77	30.75	30.68	32.04	32.11	32.20
EURMUR	48.01	47.99	47.93	49.52	49.66	49.87
ZARMUR	2.61	2.58	2.52	2.80	2.79	2.78
USDMUR	42.63	42.59	42.46	43.58	43.66	43.75
GBPMUR	57.27	57.23	57.07	59.04	59.14	59.20



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7250	0.7260	0.7245	0.7259
EURUSD	1.1322	1.1328	1.1309	1.1317
GBPUSD	1.3494	1.3506	1.3495	1.3503
USDJPY	115.06	115.13	115.03	115.12
USDFX	0.9134	0.9147	0.9135	0.9143
USDCNH	6.37	6.38	6.37	6.38

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	36,488.63	(0.25)
S&P 500	4,778.73	(0.30)
FTSE 100	7,403.01	(0.24)
DAX	15,852.25	0.21
CAC 40	7,173.23	0.16
NIKKEI 225	28,791.71	(0.40)
HANGSENG	23,397.67	1.24

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
4-Jan	15 00	US	ISM Manufacturing PMI	Dec	-	60.2	61.1
5-Jan	19 00	US	FOMC Minutes	-	-	-	-
7-Jan	10 00	EU	CPI - Core (YoY) PREL	Dec	-	2.3%	2.6%
7-Jan	13 30	US	Nonfarm Payrolls	Dec	-	400K	210K

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

The USD/MUR had quite a ride this past year, depreciating by 10.1 percent and reaching a high of MUR 43.70/USD on Christmas Eve. Despite regular interventions whereby the Central Bank sold up to a total of USD 990 Mio, the local market remained tight due to the ongoing Covid-19 pandemic.

The GBP/MUR and EUR/MUR saw a depreciation of 11.8 percent and 7.4 percent respectively this year, with the currency pairs reaching as high as 60.10 in July 2021 and 51.47 in June 2021 from lows of 53.77 and 46.54, hit in the first quarter.

This year, the Monetary Policy Committee unanimously decided to maintain the Key Repo Rate at 1.85 percent, in view of the ongoing pandemic and to promote a swifter economic recovery.

The Bank of Mauritius tendered a total amount of MUR 110,400 Mio for both Bank of Mauritius and Government of Mauritius Treasury Bills for the past year. A total of MUR 91,775 Mio was allocated with lowest yields published in February at 0.14 percent, 0.24 percent and 0.34 percent for the 91-Day, 182-Day and 364-Day respectively. As for the highest yields, this was achieved in June 2021 at 1.01 percent, 1.22 percent and 1.48 percent respectively.

As for the longer dated maturities, the yield curve ticked upward, with the weighted average yield ranging from 1.54 percent for the 2-Year Government of Mauritius Treasury Notes to 4.96 percent for the 20-Year Government of Mauritius Bonds. The total outstanding amount for Government of Mauritius securities (including II maturities) amounted to MUR 329,255 Mio as at November 2021.

Market Highlights
Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	0.50	0.35
2M	0.55	0.40
3M	0.65	0.50
4M	0.67	0.52
6M	0.71	0.56
8M	0.74	0.59
10M	0.77	0.62
1Y	0.80	0.65

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Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	1.95	1.75
3 year	2.35	2.15
4 Year	2.70	2.50
5 Year	3.05	2.80
10 Year	4.25	4.00
15 year	4.55	4.30
20 Year	4.85	4.60

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	0.25	0.10
ECB Ref. Rate	0.00	0.00
RBA Cash Rate	0.10	0.10

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	0.7322	1.274
UK Bonds	0.686	0.812
German Bonds	-0.609	-0.450

Money Market Rates

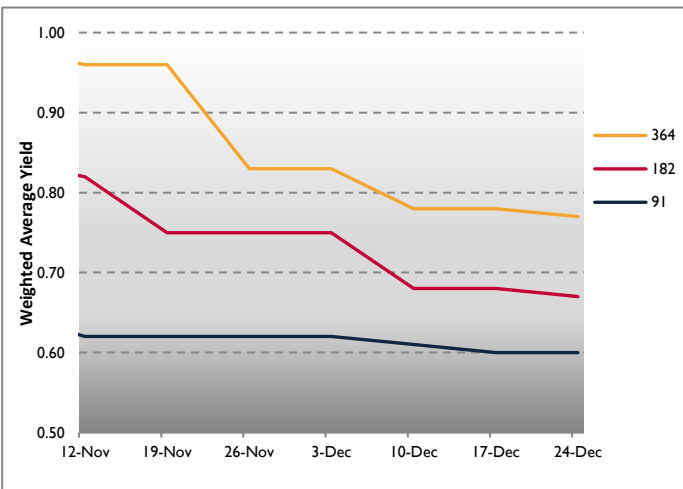
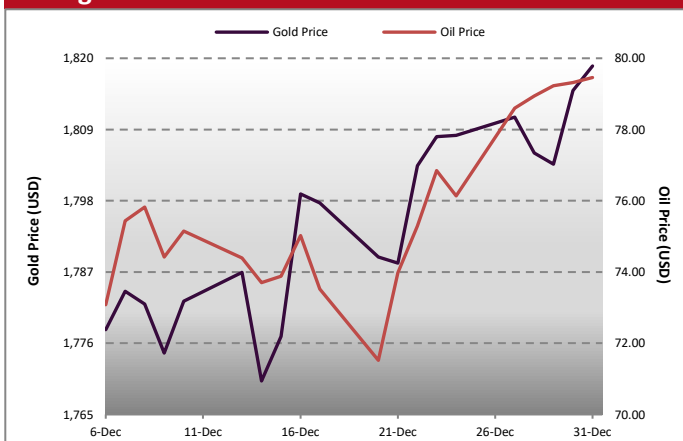
LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.616	-0.643	-0.587	-0.561
USD	0.077	0.104	0.224	0.354
GBP	0.186	0.184	0.249	0.480
EURIBOR	-0.602	-0.594	-0.571	-0.544

* LIBOR rates delayed by 48 hours. Source: ICE

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.300	-0.010	0.103	0.283
USD LIBOR - 3m	0.947	1.346	1.460	1.580

*Pay fixed and receive floating swap

Auction Results of Treasury Bills

COMMODITIES
Rolling Gold & Oil Prices


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News

Despite Omicron jitters, the economic cycle is expected to maintain the bullish sentiment in oil prices. In November, the US, in coordination with other major energy-consuming nations, announced the release of 50 m barrels of crude oil from the Strategic Petroleum Reserve in an effort to bring down energy costs, after OPEC+ producers repeatedly ignored calls for more crude.

Spot gold has declined by 7 percent this year with analysts stating that some investment flows may have gone to crypto assets. Year high was at USD 1,959.01 on 6th January on flight to safety while the low was also recorded during the first quarter, at USD 1,676.10 on 8th March. The Federal Reserve's withdrawal from crisis-era stimulus measures, higher US bond yields and a robust greenback have triggered serious headwinds for the precious metal.

	Spot Market	
	Today	Change (\$)
Brent Crude Oil (\$)	78.67	0.66
Gold (\$)	1,819.74	4.73