

FOREIGN EXCHANGE MARKET

News

- > The greenback fell against majority of its peers on Friday on risk aversion after US President Donald Trump threatened to impose a 5 percent tariff on all Mexican goods along with trade issues with China and Australia.
- > The euro gained to 1.1190 on USD broad-based weakness while this week the ECB will have its monetary policy meeting and the US will release the monthly nonfarm payrolls report.
- > The GBP/USD weakened to 1.2558 its lowest since last February amid UK political turmoil, before profit-taking helped it bounce to settle around 1.2645.
- > The USD/JPY pair tumbled to 108.23, its lowest level since mid-January as risk aversion boosted the yen.
- > AUD/USD edged above 0.6950 as the Chinese Caixin Manufacturing PMI for May beat expectations ahead of the RBA rate decision tomorrow, though a rate cut is already priced in.
- > USD/CAD broke below 1.3500 on dollar weakness after surging to above 1.3550 on Friday.
- > The Bank of Mauritius intervened on the domestic foreign exchange market on Friday and purchased a total of USD 40 Mio at the bid rate of MUR 35.65/USD.
- > The Bank of Mauritius also noted a depreciation of the rupee by 2.2 percent against the dollar since February 2019.
- > This morning, the US Dollar gains 9 cents against the Rupee, ahead of US ISM Manufacturing PMI due later today.

Daily Technical View

EUR/USD - The EUR rallied to 1.1190 against the USD in Asia this morning as the greenback was undermined by a drop in US yields, escalating trade tensions with China and Mexico, and on US data showing inflation remaining below the Fed's 2 percent target. Intra-day near-term resistance is at 1.1215, with 1.1265 the level to breach to turn the trend bullish, on the downside we expect the 1.1140 level to hold the pull-back.

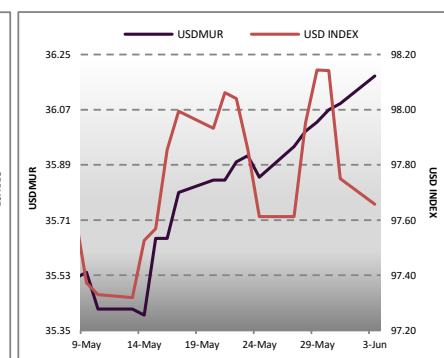
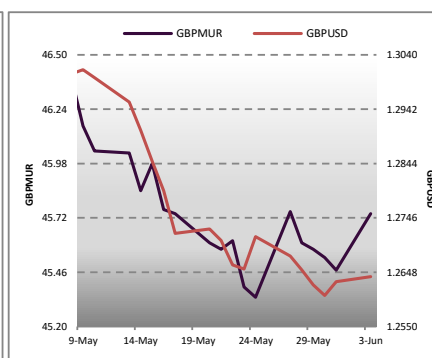
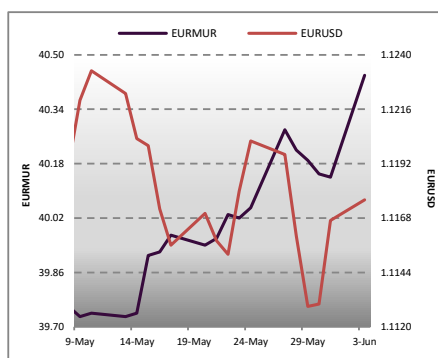
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	24.41	0.19	25.39	0.20
CNYMUR	5.09	0.02	5.35	0.02
EURMUR	39.26	0.29	40.44	0.30
JPYMUR	32.30	0.37	33.59	0.38
ZARMUR	2.39	0.05	2.51	0.05
USDMUR	35.28	0.09	36.18	0.09
GBPMUR	44.41	0.26	45.74	0.27

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	24.43	24.46	24.53	25.44	25.53	25.70
EURMUR	39.35	39.55	39.88	40.56	40.82	41.26
ZARMUR	2.38	2.36	2.33	2.50	2.49	2.47
USDMUR	35.28	35.28	35.31	36.20	36.26	36.38
GBPMUR	44.47	44.61	44.83	45.83	46.04	46.38



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.6933	0.6959	0.6928	0.6951
EURUSD	1.1167	1.1190	1.1157	1.1176
GBPUSD	1.2626	1.2655	1.2615	1.2642
USDJPY	108.36	108.39	108.08	108.21
USDCHF	1.0010	1.0014	0.9973	0.9991
USDCNH	6.94	6.94	6.92	6.92

Major Indices

	Value at Close	Day Change %
DOW JONES	25,169.88	(1.41)
S&P 500	2,752.06	(1.32)
FTSE 100	7,161.71	(0.78)
DAX	11,726.84	(1.47)
CAC 40	5,207.63	(0.79)
NIKKEI 225	20,337.42	(1.28)
HANGSENG	26,849.24	(0.19)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
31-May	12 00	EU	Harmonized Index of Consumer Prices	May	1.3%	1.4%	2.1%
31-May	12 30	CA	Gross Domestic Product Annualized	Q1	0.4%	0.7%	0.3%
3-Jun	14 00	US	ISM Manufacturing PMI	May	-	53.3	52.8
4-Jun	04 30	AU	RBA Interest Rate Decision	June	-	1.25%	1.50%

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 rose on Friday, extending their weeklong yield plunge, following President Donald Trump threat to put tariffs on all Mexican goods unless they moved to curb the flow of migrants across the US border.
- > The 2-year note yield plunged 13.6 basis points to 1.937 percent to mark its biggest daily drop in a year.
- > The 10-year Treasury note yield tumbled 8.9 basis points to a 20-month low of 2.139 percent, extending its weekly drop to 18.9 basis points and its monthly drop to 36.7 basis points.
- > The 30-year bond yield slipped 7.8 basis points to a 31-month low of 2.577 percent, adding to its weekly drop of 17.8 basis points and a monthly decline of 35.9 basis points.
- > The result of the 364-day Government of Mauritius Treasury Bills was as follows: out of 6 bids received, only 1 was accepted, with a bid to cover ratio of 2.74 and a weighted average yield of 2.64 percent.
- > As for the 91-Day and 182-Day Bank of Mauritius Treasury Bills, the bid to cover ratio was at 2.08 and the weighted average yield was published at 2.14 percent and 2.44 percent respectively.
- > The Bank of Mauritius published the Principal Interest Rates in Mauritius report on Friday, depicting a fall in the average rupee deposit rate of Banks from 1.74 percent in March 2019 to 1.72 percent in April 2019.
- > As for the average rupee lending rate of banks, a rise of 0.01 percent was noted, from 6.24 percent in March 2019 to 6.25 percent in April 2019.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	1.95	-
2M	2.05	-
3M	2.15	2.00
4M	2.30	-
6M	2.45	2.30
8M	2.52	-
10M	2.58	-
1Y	2.65	2.50

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

Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	3.10	2.90
3 year	3.40	3.20
4 Year	3.70	3.50
5 Year	4.25	4.00
10 Year	5.00	4.75
15 year	5.50	5.25
20 Year	5.85	5.60

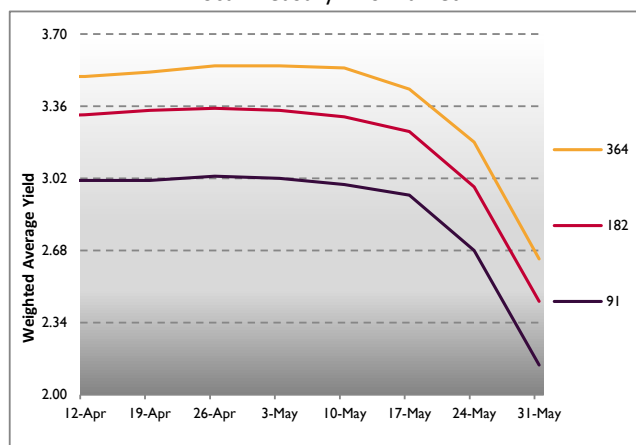
Key Central Bank Rates

	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	1.9118	1.908
UK Bonds	0.599	0.641
German Bonds	-0.664	-0.588

Local Treasury Bills Market



Money Market Rates

LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.452	-0.419	-0.343	-0.323
USD	2.389	2.431	2.503	2.517
GBP	0.701	0.726	0.796	0.872
EURIBOR	-0.392	-0.378	-0.322	-0.250

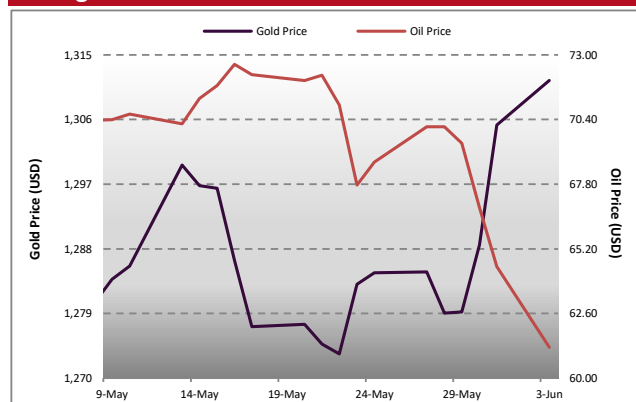
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.345	-0.143	0.027	0.294
USD LIBOR - 3m	1.947	1.892	1.959	2.081

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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Source: MCB Treasury, Reuters, Bloomberg, Bank of Mauritius

News

- > Gold prices skyrocketed this morning to trade to their highest level in two months as heightened Sino-US trade tensions as well as Washington's threat of tariffs on Mexico fuelled fears of a global recession and drove investors to seek refuge in safe-haven bullion.
- > Oil prices extended losses this morning after having lost nearly 3 percent last Friday as the US President Donald Trump vowed to impose tariffs on all goods coming from Mexico, which is one of the largest US trade partners and a major supplier of crude oil.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	68.04	(2.76)	61.29	(3.20)
Gold (\$)	1,311.94	6.69	1,311.70	5.90