

## FOREIGN EXCHANGE MARKET

### News

- > The greenback extended its advance against most of its major peers on Wednesday despite weaker-than-anticipated employment data as ADP non-farm payrolls rose at half the pace expected. Attention now turns to Fridays US non-farm payroll data.
- > EUR/USD retreated below 1.19 to touch 1.1822 as the Euro was hit by comments from ECB Committee member Lane, who stated that the euro-dollar rate does matter while German retail sales unexpectedly fell in July by 0.9 percent against a 0.5 percent expected.
- > GBP/USD fell as low as 1.3282 to finally settle around 1.3330. The Bank of England presented its annual report wherein the Deputy Governor Ramsden stated that policymakers could step up the pace of quantitative easing if needed.
- > The USD/JPY traded as high as 106.29 on Wednesday, underpinned by the persistent dollar demand. Japan Chief Cabinet Secretary Yoshihide Suga announced his candidature to replace PM Shinzo Abe.
- > AUD/USD consolidates above 0.7300 post upbeat Chinese Services PMI. The aussie does not look bad amid a pause in the dollar rebound and a better market mood.
- > South African rand weakened on Wednesday, giving back some of the gains from the previous session, while hopes over easing tensions inside the ruling party faded.
- > The Central Bank of Mauritius intervened on the domestic foreign exchange market yesterday and sold a total of USD 25 Mio at the rate of MUR 39.75/USD. The local market data for the first day of trading showed the demand on the market still above the supply by USD 7.1 Mio approximately.
- > Post intervention, the USD/MUR opens 5 cents higher this morning. The EUR/MUR sheds 30 cents, with the single currency trades below the 1.1800 handle, driven by concerns from an ECB high official with respect to the recent upheavals in the currency.

### Daily Technical View

EUR/USD - The EUR traded to a low of 1.1822 against the USD on comment by Lane, ECB's Chief economist, hinting of concern about the recent rally in the pair. The technical picture has soured and the 1.1865/90 area is expected to act as resistance to allow for further downside probes towards 1.1710/60 levels.

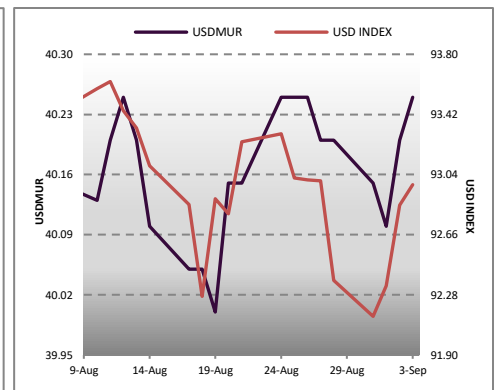
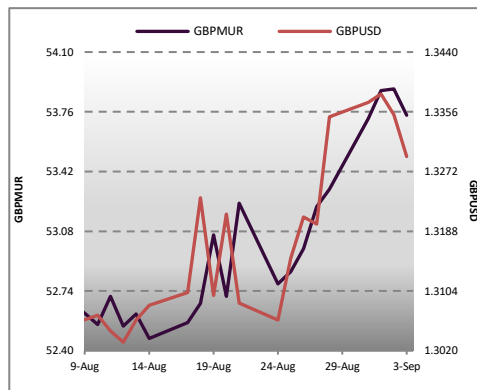
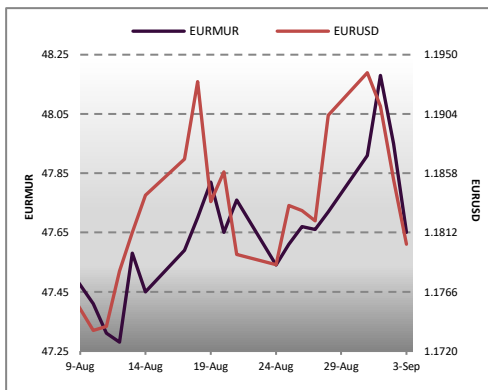
### Market Highlights

#### Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	28.65	(0.10)	29.80	(0.10)
CNYMUR	5.75	0.01	6.04	0.01
EURMUR	46.26	(0.29)	47.65	(0.30)
JPYMUR	36.66	(0.03)	38.13	(0.03)
ZARMUR	2.30	(0.02)	2.45	(0.02)
USDMUR	39.35	0.05	40.25	0.05
GBPMUR	52.17	(0.15)	53.74	(0.15)

#### Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	28.66	28.70	28.76	29.85	29.95	30.11
EURMUR	46.35	46.54	46.81	47.76	48.02	48.41
ZARMUR	2.29	2.27	2.24	2.44	2.43	2.40
USDMUR	39.35	39.36	39.38	40.27	40.33	40.44
GBPMUR	52.22	52.32	52.47	53.81	53.99	54.26



#### Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7333	0.7339	0.7302	0.7304
EURUSD	1.1850	1.1855	1.1796	1.1798
GBPUSD	1.3347	1.3357	1.3286	1.3289
USDJPY	106.18	106.34	106.14	106.31
USDCHF	0.9103	0.9135	0.9102	0.9136
USDCNH	6.83	6.85	6.82	6.85

#### Major Indices

	Value at Close	Day Change %
DOW JONES	28,645.66	1.59
S&P 500	3,580.84	1.54
FTSE 100	5,940.95	1.35
DAX	13,243.43	2.07
CAC 40	5,031.74	1.90
NIKKEI 225	23,495.75	1.07
HANGSENG	24,966.38	(0.61)

### Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
2-Sep	12 15	US	ADP Employment Change	Aug	428K	950K	212K
3-Sep	01 30	AU	Trade Balance	Jul	4607M	5400M	8149M
3-Sep	12 30	US	Initial Jobless Claims	Aug	-	950K	1006K
3-Sep	14 00	US	ISM Services PMI	Aug	-	57.0	58.1

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

**News**

- > Long-dated US Treasury yields fell as investors fretted over the fragility of the US economic recovery which has led investors to expect the Federal Reserve will keep interest rates at rock-bottom for an extended period.
- > The Automatic Data Processing Inc yesterday stated that 428,000 private-sector jobs were added in August, up from the previous 167,000, but falling short of the 1 million consensus forecast. The ADP report offered signs that further job gains were slowing down, amid concerns the recovery's momentum was petering out.
- > Analysts, however, have noted a wide divergence between weak private-sector payrolls and the more robust US Labour Department jobs numbers in the last three months. The official employment report for August is due on Friday.
- > The 10-year Treasury note yield dropped 2.2 basis points to 0.650 percent, while the 2-year note rate gained 0.4 basis point to 0.135 percent. The 30-year bond yield gave away 5 basis points to 1.375 percent.
- > No bids were successful yesterday for the 364-Day Bank of Mauritius Bills, even with a total amount of MUR 10,050 Mio bids submitted. The security has been auctioned once again for tomorrow, for the nominal amount of MUR 3,500 Mio.

**Market Highlights**
**Local Secondary Market T-Bills**

	Bid (%)	Offer (%)
1M	0.55	0.40
2M	0.60	0.45
3M	0.65	0.50
4M	0.70	0.55
6M	0.85	0.70
8M	1.00	0.85
10M	1.15	1.00
1Y	1.30	1.15

[Click here to access our Mauritian Bond Market page](#)
**Local Secondary Market T-Bonds**

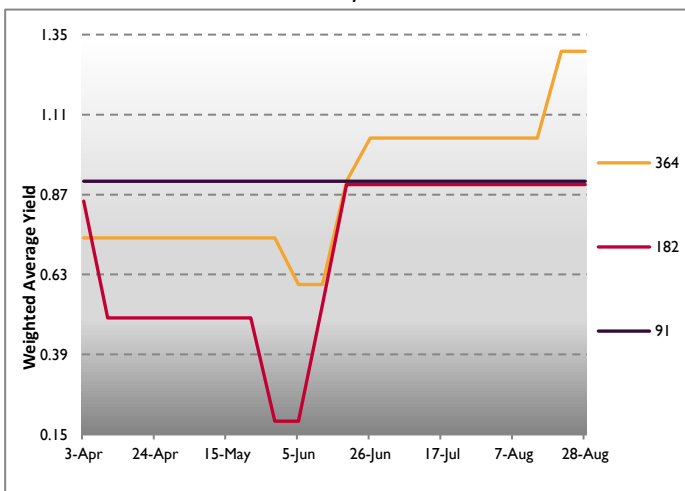
	Bid (%)	Offer (%)
2 year	1.70	1.50
3 year	1.85	1.65
4 Year	2.00	1.80
5 Year	2.20	1.95
10 Year	2.60	2.35
15 year	2.90	2.65
20 Year	3.20	2.95

**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	0.1368	0.256
UK Bonds	-0.103	-0.069
German Bonds	-0.705	-0.709

**Local Treasury Bills Market**

**Money Market Rates**

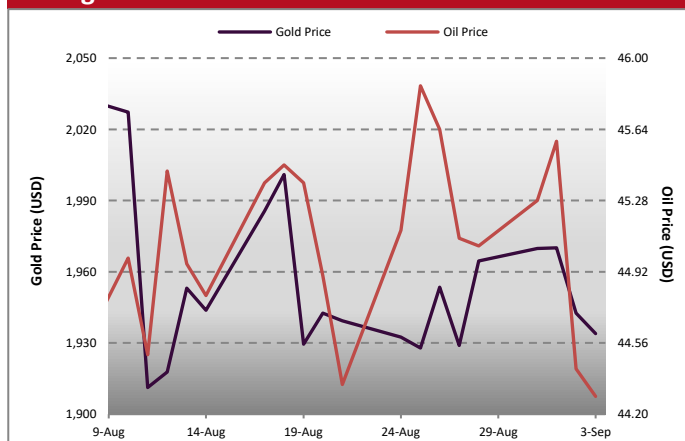
LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.553	-0.543	-0.506	-0.470
USD	0.107	0.156	0.251	0.303
GBP	0.059	0.057	0.061	0.112
EURIBOR	-0.529	-0.510	-0.478	-0.441

\* LIBOR rates delayed by 48 hours. Source: ICE

**Indicative Generic Swap Rates\* (%)**

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.502	-0.459	-0.382	-0.238
USD LIBOR - 3m	0.244	0.346	0.465	0.657

\*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**

- > The greenback rebounded from multi-year low on optimism about a prompt recovery of the battered economy, dragging the precious metal 1.35 percent lower at close, as the gold is inversely tracking the moves in the US dollar.
- > Oil prices tumbled to multi-week lows on Wednesday, slammed by data showing that US gasoline demand fell last week.

**Spot Market**

	Today	Change (\$)
Brent Crude Oil (\$)	44.67	(0.99)
Gold (\$)	1,934.13	(8.49)