

## FOREIGN EXCHANGE MARKET

### News

- > The dollar closed the year on a weak note and may remain under selling pressure. Financial markets will likely return to normal this week, although some choppy trading is expected ahead of Friday when the US will publish the December Nonfarm Payrolls report.
- > EUR/USD pair ended the week with modest gains in the 1.2215 price zone after hitting a year high at 1.2309.
- > GBP/USD rallied as the pound remained supported by relief after the EU and the UK clinched a post-Brexit deal just one week before the end of the transition period.
- > USD/JPY recovered to 103.25 from a weekly low of 102.95 as US Treasury yields held ground while equities rallied.
- > AUD/USD holds the bounce above 0.7700 despite the downbeat Chinese Caixin Manufacturing PMI for December. The further upside, however, appears elusive amid the US dollar's rebound amid growing concerns over the coronavirus contagion globally.
- > The loonie continues to progress against the US dollar into the new year, trading close to 1.2700 at time of writing.
- > The rand continues to trade below the key psychological level of 15.00, buoyed by USD weakness.
- > With the EUR/USD consolidating above the 1.22 level, the USD/MUR opens the year at the same level of MUR 39.80/USD on the offer.

### Daily Technical View

EUR/USD - Early Asia session was characterized by thin liquidity, although the slow grind lower for the dollar continues. EUR/USD opened gap-up at around 1.2240 and has been trading in a small range of 1.2225-1.2260. Intraday support lies at 1.2200/10 ahead of 1.2170. To the upside, 1.2260/70 is mild resistance while 1.2320/45 should cap any further upside move.

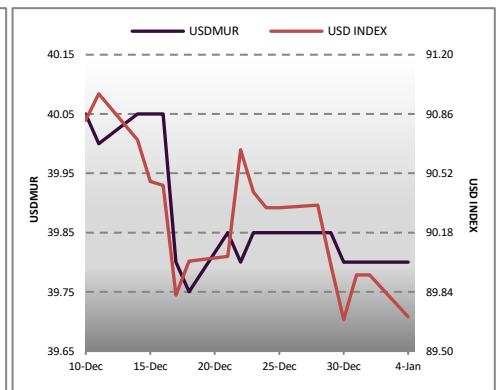
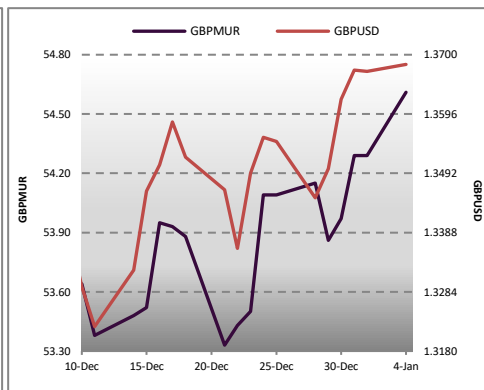
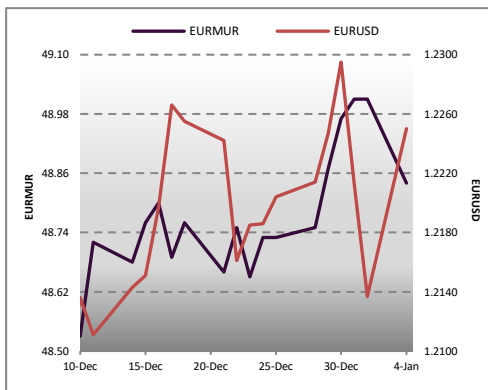
### Market Highlights

#### Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	29.86	0.06	31.05	0.06
CNYMUR	6.02	0.04	6.33	0.04
EURMUR	47.42	(0.16)	48.84	(0.17)
JPYMUR	37.40	0.07	38.90	0.08
ZARMUR	2.62	-	2.79	-
USDMUR	38.90	-	39.80	-
GBPMUR	53.02	0.31	54.61	0.32

#### Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	29.85	29.83	29.79	31.07	31.12	31.18
EURMUR	47.41	47.38	47.34	48.89	48.99	49.15
ZARMUR	2.60	2.57	2.52	2.79	2.79	2.79
USDMUR	38.88	38.82	38.72	39.81	39.85	39.91
GBPMUR	53.01	52.97	52.90	54.64	54.70	54.80



#### Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7702	0.7721	0.7683	0.7710
EURUSD	1.2229	1.2258	1.2225	1.2247
GBPUSD	1.3663	1.3698	1.3646	1.3680
USDJPY	103.16	103.31	102.94	103.04
USDCHF	0.8818	0.8845	0.8830	0.8843
USDCNH	6.50	6.50	6.44	6.45

#### Major Indices

Major Indices	Value at Close	Day Change %
DOW JONES	30,409.56	0.65
S&P 500	3,756.07	0.64
FTSE 100	6,460.52	(1.45)
DAX	13,718.78	(0.31)
CAC 40	5,551.41	(0.86)
NIKKEI 225	27,255.22	(0.69)
HANGSENG	27,426.01	0.72

### Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
5-Jan	07 00	DE	Retail Sales (YoY)	Nov	-	3.9%	8.2%
5-Jan	15 00	US	ISM Manufacturing PMI	Dec	-	56.5	57.5
6-Jan	13 00	DE	Harmonized Index of Consumer Prices	Dec	-	-0.6%	-0.7%
6-Jan	19 00	US	FOMC Minutes	-	-	-	-

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

- > Bond-market activity was limited in holiday-thinned trading Thursday, with investors eyeing US labour-market data.
- > The US data showed first-time jobless benefit claims unexpectedly declined by 19,000 to 787,000 last week. Economists surveyed had forecast initial claims to rise to 835,000. State continuing jobless claims dropped 103,000 to 5.22 million.
- > Treasury yields saw modest moves to close out the final trading session of a year marked by a global viral epidemic and extraordinary fiscal and monetary policy actions.

- > The 10-year US treasury note yield gained 23.6 basis points for the quarter, marking its largest quarterly rise since 2018, even as it notched the largest one-year yield decline, 99.6 basis points, nearly a full percentage point, since 2011.
- > The 2-year note slipped 0.2 basis point for the week, while retreating 2.8 basis points on the month and declining 0.4 basis point in the last three months of the year. For all of 2020, the 2-year declined 1.44 percentage points, representing the sharpest annual yield slump for the note since 2008.
- > For the year, the US 30-year bond yield declined 73.6 basis points, for its sharpest yearly slide since 2014, mitigated partly by a 18.9 basis point climb in the final three months of 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

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#### 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

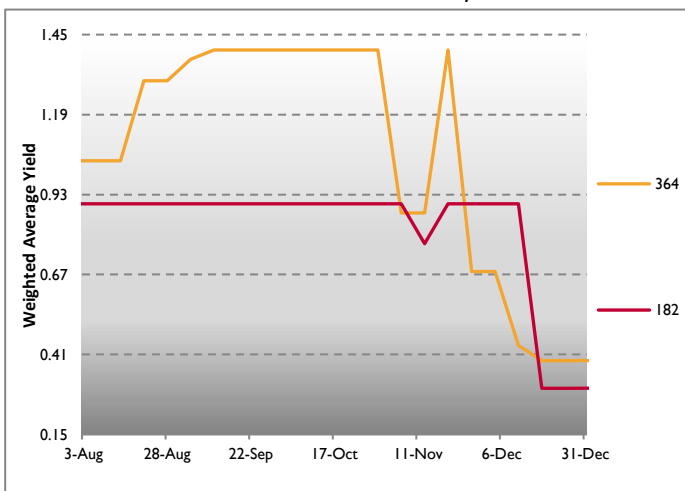
#### Key Central Bank Rates

	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	0.127	0.373
UK Bonds	-0.171	-0.09
German Bonds	-0.708	-0.742

#### Auction Results of Treasury Bills



#### Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.567	-0.586	-0.566	-0.533
USD	0.096	0.144	0.238	0.258
GBP	0.025	0.019	0.026	0.030
EURIBOR	-0.578	-0.554	-0.545	-0.526

\* 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	0.217	0.453	0.682	0.937

\* Pay fixed and receive floating swap

## COMMODITIES

### Rolling Gold & Oil Prices



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### News

- > Gold jumped above the USD 1,900 level an ounce to hit the highest level in two months aided by a weaker dollar and renewed declines in US real yields.
- > Oil prices rose this morning on expectations that OPEC and allied producers may cap output at current levels in February at a meeting later during the day as the coronavirus pandemic keeps worries about first-half oil demand elevated.

#### Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	50.88	0.01
Gold (\$)	1,925.50	27.40