

## FOREIGN EXCHANGE MARKET

### News

- > The greenback cut its recent winning streak despite upbeat US data and ended the day lower against majority of its peers on Friday as falling US Treasury yields and rebound in US stocks boosted risk appetite, causing investors to book profits on recent long USD positions.
- > This week the US September employment report is the high-frequency data highlight. In central bank news, the RBA will hand down its policy decision on Tuesday, followed by the RBNZ on Wednesday.
- > EUR/USD is trading close to 1.1600, struggling to extend the upside amid resurgent US dollar demand in Asia this morning, as risk appetite takes a hit on renewed China Evergrande fears.
- > GBP/USD advanced for the second session in a row on Friday hitting 1.3576. The UK final Manufacturing PMI for the month of September surpassed estimates at 57.1 albeit receded from 60.3.
- > USD/JPY remained under pressure below 111.00 as lower US Treasury yields undermined demand for the US dollar.
- > AUD/USD retreated from the intraday high of 0.7319 hit this morning amid concerns over US-China trade relations and Evergrande fears.
- > The South African rand rose against an easing dollar on Friday, erasing some of the losses suffered in the week as currency markets braced for a rise in US interest rates.
- > The Bank of Mauritius intervened on the domestic foreign exchange market on Friday and injected a total of USD 25 Mio at the rate of MUR 42.45/USD.
- > The USD/MUR maintains the level of MUR 42.90/USD on the offer, with the market remaining very tight with increasing demand from importers to meet end of year supplies on the local market.

### Daily Technical View

EUR/USD - The single pair is consolidating below 1.1600 and unless crossing resistance at 1.1650 remains directed towards the yearly low near 1.1560. If 1.1560 is given the challenge will be lower to 1.1500

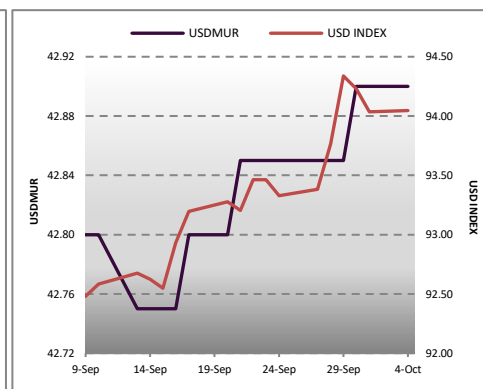
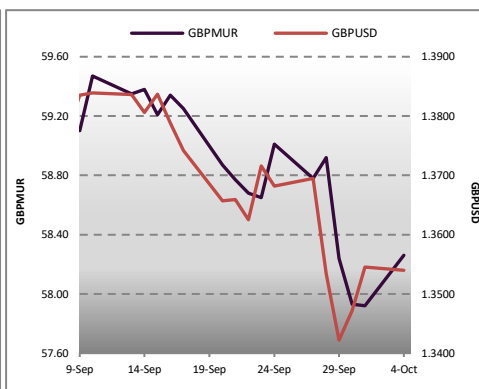
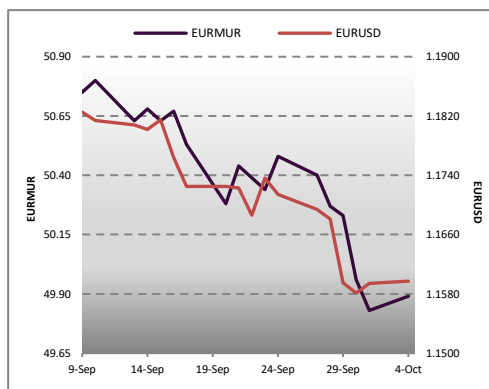
### Market Highlights

#### Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.35	0.18	31.56	0.18
CNYMUR	6.50	0.01	6.83	0.01
EURMUR	48.44	0.06	49.89	0.06
JPYMUR	37.44	0.04	38.94	0.04
ZARMUR	2.77	0.04	2.95	0.04
USDMUR	42.00	-	42.90	-
GBPMUR	56.56	0.33	58.26	0.34

#### Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.35	30.33	30.31	31.59	31.66	31.80
EURMUR	48.43	48.42	48.40	49.95	50.10	50.34
ZARMUR	2.75	2.72	2.66	2.95	2.94	2.93
USDMUR	41.98	41.95	41.86	42.93	43.01	43.16
GBPMUR	56.55	56.52	56.44	58.30	58.40	58.58



#### Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7263	0.7283	0.7253	0.7263
EURUSD	1.1591	1.1613	1.1588	1.1600
GBPUSD	1.3545	1.3577	1.3535	1.3543
USDJPY	111.03	111.11	110.88	110.99
USDFH	0.9307	0.9312	0.9292	0.9306
USDCNH	6.45	6.46	6.44	6.45

#### Major Indices

	Value at Close	Day Change %
DOW JONES	33,843.92	1.43
S&P 500	4,357.04	1.15
FTSE 100	7,027.07	(0.84)
DAX	15,156.44	(0.68)
CAC 40	6,517.69	(0.04)
NIKKEI 225	28,497.57	(0.84)
HANGSENG	24,018.69	(2.27)

### Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
1-Oct	09 00	EU	Consumer Price Index - Core(YoY) PREL	Sep	1.9%	1.9%	1.6%
1-Oct	14 00	US	ISM Manufacturing PMI	Sep	61.1	59.6	59.9
4-Oct	14 00	US	Factory Orders (MoM)	Aug	-	0.9%	0.4%
5-Oct	03 30	AU	RBA Interest Rate Decision	-	-	0.1%	0.1%

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

## FIXED INCOME

### News

- > US Treasury yields weakened on Friday, with bond traders looking past data showing that US inflation rose again in August and stayed at a 30-year high.
- > The personal consumption expenditure index rate of inflation in the 12 months ended in August edged up to 4.3 percent from 4.2 percent, the highest level since 1991, with all signs pointing to rising prices leaking into next year. The yearly pace of core PCE inflation, which strips out volatile food and energy prices, was unchanged at 3.6 percent, but also at a 30-year peak. The report, coupled with a global energy shortage unfolding across the UK, Europe and China, heightened investors' concern that the US might already be embarking on a stagflation-like path that causes higher inflation to linger for far longer than previously thought.

- > Ordinarily, bond investors would be selling off Treasuries in the face of higher inflation, causing yields to rise as inflation premium gets embedded into market-based rates. But instead, investors were buying government bonds on Friday, suggesting they still think that inflation will eventually moderate at some point and that data of Friday had not shifted their views.
- > The 10-year US Treasury note yield retreated to 1.464 percent, while the 2-year Treasury note fell to 0.264 percent. The long bond yield edged lower to 2.037 percent.
- > The result of the 364-Day Government of Mauritius Treasury Bills was as follows: out of 7 bids received, only 1 was successful, with the weighted average yield published at 0.92 percent. As for the 91-Day and 182-Day Bank of Mauritius Treasury Bills, the weighted average yields were published at 0.63 percent and 0.89 percent respectively.

### Market Highlights

#### Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	0.60	0.45
2M	0.65	0.50
3M	0.70	0.55
4M	0.80	0.65
6M	0.90	0.75
8M	0.93	0.78
10M	0.97	0.82
1Y	1.00	0.85

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

#### Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	2.10	1.90
3 year	2.45	2.25
4 Year	2.70	2.50
5 Year	3.05	2.80
10 Year	4.40	4.15
15 year	4.65	4.40
20 Year	4.95	4.70

#### 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	0.10	0.10

#### Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	0.2618	0.926
UK Bonds	0.419	0.639
German Bonds	-0.707	-0.588

#### Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.580	-0.573	-0.563	-0.534
USD	0.073	0.080	0.130	0.159
GBP	0.041	0.048	0.082	0.175
EURIBOR	-0.568	-0.563	-0.545	-0.528

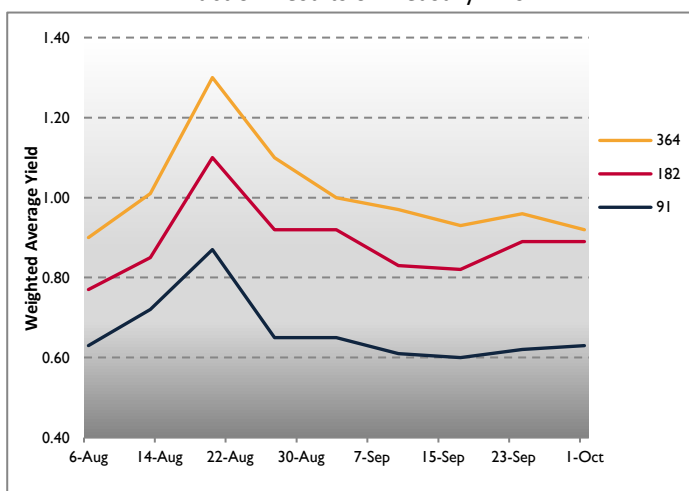
\* LIBOR rates delayed by 48 hours. Source: ICE

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

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.462	-0.242	-0.091	0.122
USD LIBOR - 3m	0.386	1.020	1.267	1.485

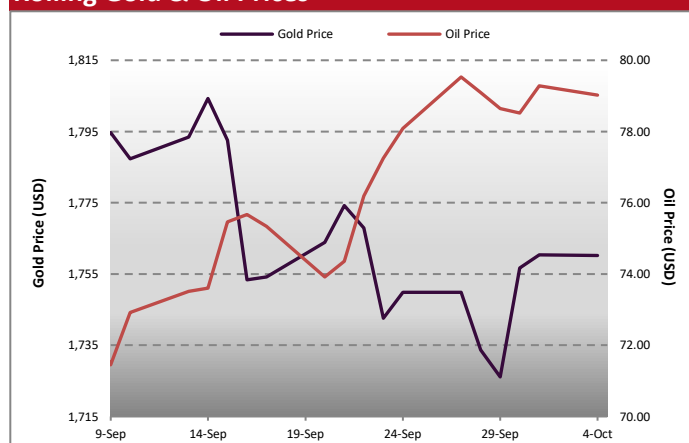
\*Pay fixed and receive floating swap

#### Auction Results of Treasury Bills



## COMMODITIES

### Rolling Gold & Oil Prices



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

### News

- > After a very volatile week, gold started on a better note this morning in Asia, hitting a near two-week peak, as a weaker dollar and worries about rising inflation offset bets that the US Federal Reserve could begin asset tapering soon.
- > Oil prices edged down as all eyes shift to the OPEC+ supply policy meeting due today. Several countries are pressuring the cartel to increase production and lower prices as fuel demand continues to recover.
- > OPEC+ in July 2021 agreed to boost output by 400,000 barrels per day every month until at least April 2022, in order to phase out 5.8 million barrels per day of existing cuts.

	Spot Market	
	Today	Change (\$)
Brent Crude Oil (\$)	78.55	0.82
Gold (\$)	1,761.08	0.72