

FOREIGN EXCHANGE MARKET

News

- > The greenback fell across the board on Tuesday as release of downbeat US manufacturing data increased speculation of a Federal Reserve rate cut in September. The US manufacturing sector contracted in August for the first time since 2016 amid worries about a weakening global economy and rising trade tensions between China and the United States.
- > The EUR had dropped to a 27-month low of 1.0926 against the USD. However, price erased its losses and rallied to session highs of 1.0978 in New York trade due to short covering following news of ECB stimulus together with USD broad-based weakness.
- > The GBP/USD pair plummeted to 1.1957 its lowest since October 2016 in early trade yesterday before recovering to around 1.21 after British lawmakers voted to take control of the parliamentary agenda and scheduled another vote this Wednesday.
- > The AUD/USD edged higher to 0.6775, a day after the Reserve Bank of Australia kept rates steady at 1 percent, despite calls for cuts to spur growth.
- > The USD/JPY retreated to 105.73 after the release of weak US data along with selloff in US equities.
- > The Canadian dollar was little changed against the greenback on Tuesday, with the currency recovering from a two-month low hit earlier in the day on global economic worries as the focus shifted to this week Bank of Canada interest rate decision.
- > South African rand firmed on Tuesday, buoyed by data showing the economy grew more than expected in the second quarter.
- > The US Dollar gains 1 cent against the Rupee, with several speeches lined up from the Federal Reserve and a speech from ECB nominated President Christine Lagarde.

Daily Technical View

EUR/USD - The single currency traded to a fresh year low of 1.0926 against the greenback before rebounding to 1.0979 in Asia this morning after US ISM Manufacturing data slipped into contraction territory. It looks like the pair has found a temporary base in the 1.0930 area and we may see further upside towards nearby resistance at 1.1020 before meeting selling pressure, on the downside a break of 1.0930 will open a downside FIBO target of 1.0815.

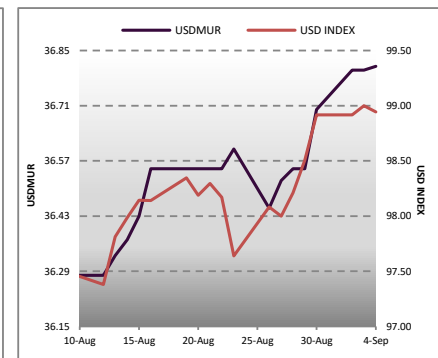
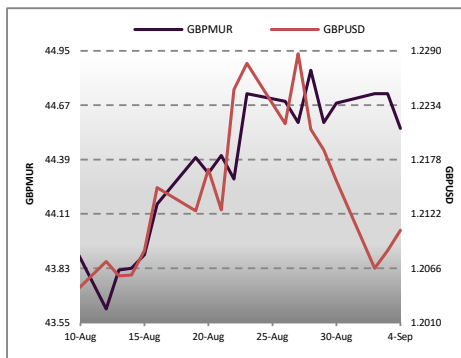
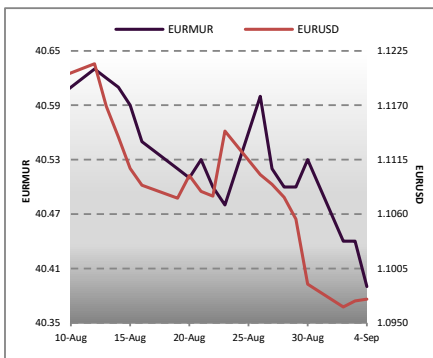
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	24.21	0.18	25.18	0.19
CNYMUR	5.00	-	5.26	-
EURMUR	39.21	(0.05)	40.39	(0.05)
JPYMUR	33.54	0.06	34.88	0.06
ZARMUR	2.35	0.03	2.47	0.03
USDMUR	35.91	0.01	36.81	0.01
GBPMUR	43.25	(0.18)	44.55	(0.18)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	24.23	24.27	24.37	25.23	25.34	25.53
EURMUR	39.30	39.50	39.83	40.51	40.78	41.22
ZARMUR	2.34	2.32	2.29	2.46	2.45	2.43
USDMUR	35.92	35.95	36.04	36.84	36.93	37.11
GBPMUR	43.31	43.44	43.67	44.64	44.84	45.19



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.6757	0.6784	0.6756	0.6779
EURUSD	1.0972	1.0979	1.0969	1.0979
GBPUSD	1.2076	1.2123	1.2079	1.2119
USDJPY	105.92	106.23	105.84	106.20
USDCHF	0.9866	0.9883	0.9862	0.9882
USDCNH	7.18	7.18	7.16	7.16

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	26,403.28	(1.08)
S&P 500	2,906.27	(0.69)
FTSE 100	7,268.19	(0.19)
DAX	11,910.86	(0.24)
CAC 40	5,466.07	(0.26)
NIKKEI 225	20,645.20	0.05
HANGSENG	26,016.29	1.91

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
2-Sep	08 00	EU	Markit Manufacturing PMI	Aug	47	47	47
4-Sep	01 30	AU	Gross Domestic Product (QoQ)	Q2	0.5%	0.5%	0.5%
4-Sep	07 00	EU	ECB Lagarde Speech				
4-Sep	14 00	CA	BoC Interest Rate Decision			1.75%	1.75%

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 yields fell on Tuesday as investors faced signs that the US manufacturing sector may have shrunk last month, another indicator that the economy may be heading into a recession.
- > The 10-year Treasury note yield fell 3.4 basis points to 1.469 percent, its lowest since July 2016 while the 2-year note rate slipped 4.2 basis points to 1.466 percent, its lowest since September 2017 and the 30-year bond yield was down 1.4 basis points to 1.954 percent.
- > In Europe, the German 10-year government bond yield fell a basis point to negative 0.708 percent while the UK 10-year government bond yield was down 2.4 basis points to 0.401 percent.

- > The results of the reverse auction held on Monday for a nominal amount of MUR 500 Mio were as follows: for the 3-Year Government of Mauritius Treasury Notes, no bids were accepted. For the 5 Year Government of Mauritius Treasury Bonds, both bids submitted were accepted, with a weighted price of 101.432
- > Today, the Bank of Mauritius will issue the 10-Year Government of Mauritius Bonds for a nominal amount of MUR 1,500 Mio.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	3.00	-
2M	3.05	-
3M	3.10	2.95
4M	3.20	-
6M	3.30	3.15
8M	3.31	-
10M	3.33	-
1Y	3.35	3.20

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Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	3.55	3.35
3 year	3.70	3.50
4 Year	3.90	3.70
5 Year	4.10	3.85
10 Year	4.65	4.40
15 year	5.20	4.95
20 Year	5.85	5.60

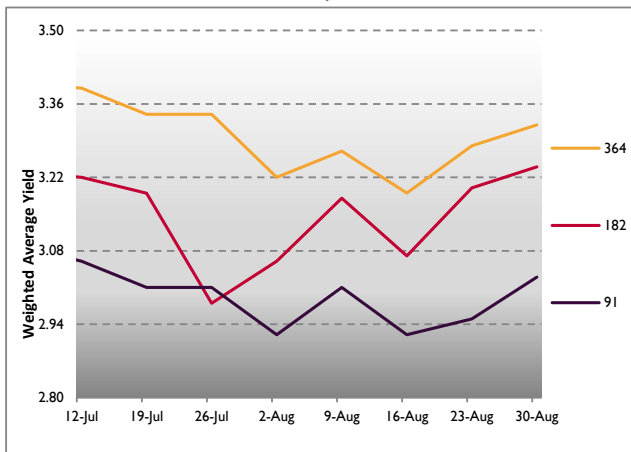
Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	3.35	3.50
Fed Funds Rate	2.00 - 2.25	2.25 - 2.50
BoE Bank Rate	0.75	0.75
ECB Ref. Rate	0.0	0.0
RBA Cash Rate	1.00	1.00

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	1.4659	1.349
UK Bonds	0.321	0.276
German Bonds	-0.902	-0.924

Local Treasury Bills Market



Money Market Rates

LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.464	-0.488	-0.481	-0.465
USD	2.130	2.082	2.133	2.024
GBP	0.694	0.708	0.767	0.784
EURIBOR	-0.413	-0.427	-0.436	-0.439

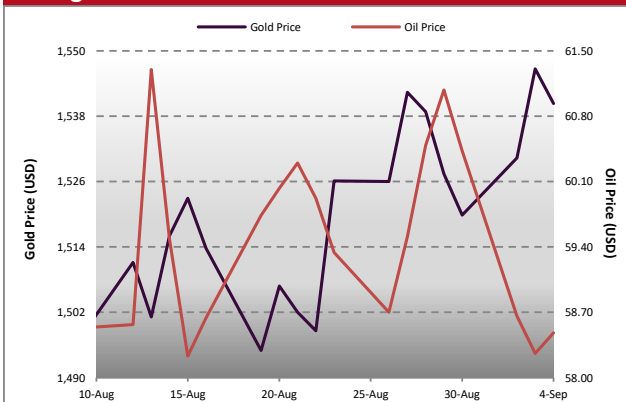
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.624	-0.588	-0.498	-0.326
USD LIBOR - 3m	1.443	1.270	1.284	1.351

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



News

- > Oil prices dropped to a near one-month low on Tuesday following data that showed US manufacturing activity in August contracted for the first time in three years while euro zone manufacturing activity contracted for a seventh month in August. Prices later recovered on release of data from China showing the services sector expanded at the fastest pace in three months.
- > Gold prices are grinding higher this morning, trading at USD 1,542 as of writing, after the safe haven remains well bid while risky assets are on the defensive with Brexit concerns, Hong Kong turmoil and US-China trade war.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	58.09	(0.66)	58.54	0.28
Gold (\$)	1,538.68	(8.02)	1,541.10	(4.80)

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