

FOREIGN EXCHANGE MARKET

News

- > The greenback slid in late trading yesterday, as inverted US Treasury yield curve sparked general concern about a slowdown in the US economic growth.
- > The dollar index briefly dipped to a near two-week low of 96.379 overnight before edging back above 97.00 while the market is expected to trade sideways today as the US mourns the death of George H.W. Bush.
- > The pound sterling plummeted to a 17-month low of USD 1.2659 yesterday before bouncing to USD 1.2714 after Parliament vote gave UK lawmakers more power over the next Brexit steps if Prime Minister Theresa May's European Union withdrawal deal is voted down.
- > The safe-haven yen firmed to 112.64 against its US counterpart earlier today.
- > The ZAR weakened to 13.75 per USD yesterday on risk aversion.
- > The Aussie retreated to USD 0.7287 during the Asian session after Australia's gross domestic product for 2018 third quarter widely missed market forecasts of 0.6 percent, clocking in at just 0.3 percent versus the previous quarter showing of 0.9 percent.
- > The US Dollar gains 5 cents against the Rupee this morning, on the back off doubts on the trade truce between the US and China.
- > Pursuant to Section 35 of the Bank of Mauritius Act 2004, the Bank of Mauritius has announced the issue of a polymer bank note of MUR 2,000 denomination, as from the 5th December 2018. At the same time, the Central Bank will withdraw the circulation the current MUR 2,000 note, which will cease to be legal tender as from the 1st of February 2019.

Daily Technical View

EUR/USD-A roller-coaster session saw the EUR scaling a session high of 1.1420 against the USD before reversing sharply to 1.1319, with markets switching to risk-off mode as doubts crept on the fragile truce agreed between US President Trump and his Chinese counterpart Xi. As financial markets are closed in the US today we expect subdued trading in the 1.1270-1.1380 range.

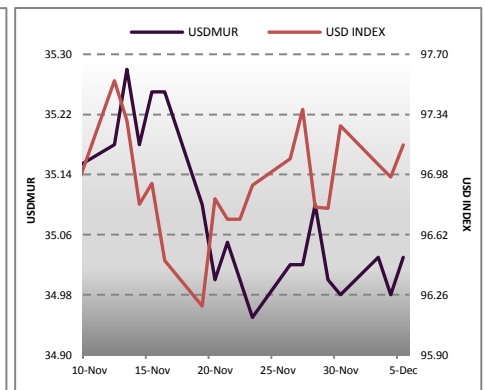
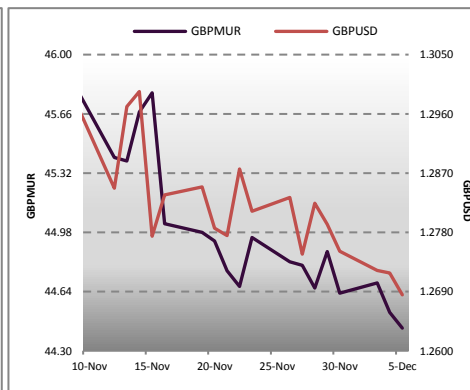
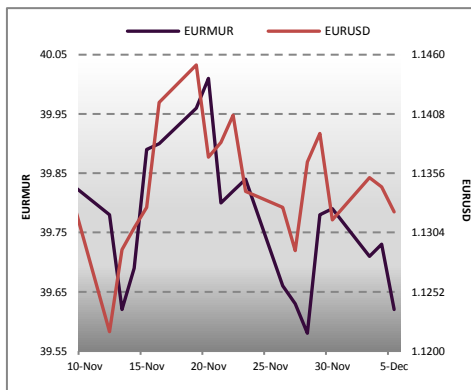
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	24.75	(0.25)	25.74	(0.26)
CNYMUR	4.96	(0.01)	5.21	(0.01)
EURMUR	38.47	(0.10)	39.62	(0.11)
JPYMUR	29.92	0.13	31.12	0.14
ZARMUR	2.43	(0.03)	2.55	(0.03)
USDMUR	34.13	0.05	35.03	0.05
GBPMUR	43.14	(0.08)	44.43	(0.09)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	24.76	24.77	24.80	25.79	25.85	25.99
EURMUR	38.58	38.80	39.14	39.76	40.04	40.49
ZARMUR	2.42	2.40	2.37	2.54	2.53	2.51
USDMUR	34.15	34.16	34.18	35.07	35.14	35.24
GBPMUR	43.22	43.37	43.60	44.54	44.76	45.11



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7336	0.7355	0.7282	0.7288
EURUSD	1.1342	1.1346	1.1317	1.1321
GBPUSD	1.2722	1.2728	1.2680	1.2682
USDJPY	112.76	113.08	112.66	113.06
USDCHE	0.9972	1.0002	0.9969	1.0003
USDCNH	6.85	6.87	6.85	6.87

Major Indices

	Value at Close	Day Change %
DOW JONES	25,826.43	(3.10)
S&P 500	2,700.06	(3.24)
FTSE 100	7,022.76	(0.56)
DAX	11,335.32	(1.14)
CAC 40	5,012.66	(0.82)
NIKKEI 225	21,941.61	(0.43)
HANGSENG	26,762.57	(1.83)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
04-Dec	03 30	AU	RBA Interest Rate Decision	-	1.5%	1.5%	1.5%
05-Dec	15 00	CA	BoC Interest Rate Decision	-	-	-	1.75%
05-Dec	09 00	EU	Markit Services PMI	Nov	-	53.1	53.1
05-Dec	14 45	US	Markit Services PMI	Nov	-	54.4	54.4

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 government debt extended a yield retreat that has pushed closely watched spreads between short- and longer-dated maturities to their narrowest levels in more than a decade, raising fresh concerns about the domestic economic outlook.
- > The flattening Treasury yield curve sparked recession warnings, while optimism sharply waned that the US and China would quickly resolve their trade dispute.
- > The 10-year US Treasury note yield retreated to a three-month low of 2.921 percent, logging its largest one-day decline since October 11. Meanwhile, the 2-year note yield down by 2.2 basis points to 2.811 percent.

- > At current levels, the closely watched spread between the 2-year yield and the 10-year rate was at about 11 basis points, representing around the narrowest spread between the debt maturities in 11 years.
- > The results of the reverse auction held yesterday for a nominal amount of MUR 1,000 Mio were as follows: for the 3-Year Government of Treasury Notes buyback, the only bid submitted was accepted at the price of 101.114. As for the 5-Year Government of Mauritius Bonds buy-back, the bid price was at 101.266, with only one bid submitted.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	3.15	-
2M	3.25	-
3M	3.34	3.19
4M	3.44	-
6M	3.53	3.38
8M	3.57	-
10M	3.61	-
1Y	3.65	3.50

Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	4.10	3.90
3 year	4.50	4.30
4 Year	4.75	4.55
5 Year	5.20	4.95
10 Year	5.45	5.20
15 year	6.13	5.88
20 Year	6.20	5.95

Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	3.50	3.50
Fed Funds Rate	2.00 - 2.25	2.00 - 2.25
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	2.7987	2.791
UK Bonds	0.728	0.877
German Bonds	-0.617	-0.288

Money Market Rates

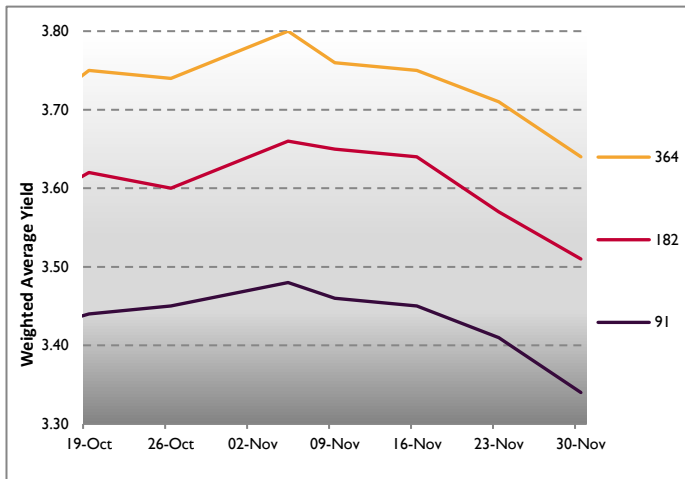
LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.442	-0.412	-0.343	-0.328
USD	2.226	2.380	2.739	2.896
GBP	0.711	0.736	0.895	1.019
EURIBOR	-0.376	-0.368	-0.316	-0.248

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.212	0.158	0.415	0.741
USD LIBOR - 3m	2.965	2.930	2.929	2.968

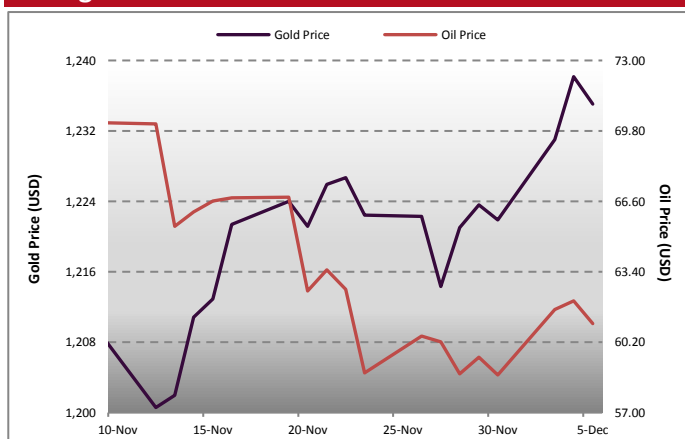
*Pay fixed and receive floating swap

Local Treasury Bills Market



COMMODITIES

Rolling Gold & Oil Prices



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

News

- > Oil prices slid by around 2 percent on Wednesday, dragged down by swelling US inventories and a dip in global stock markets, with investors worried about a potential economic slowdown.
- > International Brent crude futures were priced at USD 60.87 a barrel at 04:18 GMT, down USD 1.21 from their last close.
- > The dollar's inability to attract a convincing bid seems to benefit gold. New York-traded futures hit a near-five-month high on Tuesday as the greenback struggled to progress, despite a perceived rate hike this month.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	61.26	1.24	60.99	(1.09)
Gold (\$)	1,235.40	(2.76)	1,234.90	(6.20)