

FOREIGN EXCHANGE MARKET

News

- > The dollar stood close to a two-week high against key peers during the Asian session, shored up by a resilient US economy and a flagging euro ahead of the ECB policy meeting. The dollar index was 0.05 percent higher at 96.726 after going as high as 96.816 the previous day, its strongest since February 19.
- > The GBP/USD pair weakened to USD 1.3149 as weaker UK construction offset gains in the pair that were fuelled by hopes that UK Prime Minister Theresa May could persuade pro-Brexit lawmakers to support her withdrawal deal at a vote slated for March 12.
- > The EUR/USD retreated to USD 1.1309 yesterday despite the improvement in the Eurozone Sentix Investor Confidence, possibly on fears that the US-China trade deal and the resulting risk-on may embolden the Fed to hike rates.
- > AUD/USD slipped to its lowest level in three weeks on dismal data from China but trimmed its losses after the Reserve Bank of Australia kept rates unchanged.
- > The loonie continued its descent after the dismal Canadian GDP data trading above the 1.3300 handle.
- > The USD/JPY traded to a low 111.64 yesterday before rebounding this morning and trading at 111.90 at the time of writing despite a sell-off on Wall Street as investors ponder whether a trade deal between the US and China can be reached this month.
- > The South African rand is trading at 14.19 this morning against the USD and has lost more than 3 percent since last Monday to make it one of the worst-performing emerging currencies in February. The currency is due to face short term volatility with local economic growth figures out today and US jobs data on Friday.
- > The US Dollar opens 4 cents higher this morning, with the US ISM Non-Manufacturing PMI data expected later today.

Daily Technical View

EUR/USD - After gapping to a session high of 1.1380 in Asian trade yesterday on comments by US President Trump criticizing Fed's monetary policy and cheering progress on US-China trade talks, the pair reversed course to trade to a low of 1.1310 as its inability to clear 1.1400 resistance on bullish news led to the sell-off. Intra-day support at 1.1280 needs to hold to avoid a fall towards the year low at 1.1235 while on the upside 1.1360 is expected to cap rallies to keep current bearish set-up.

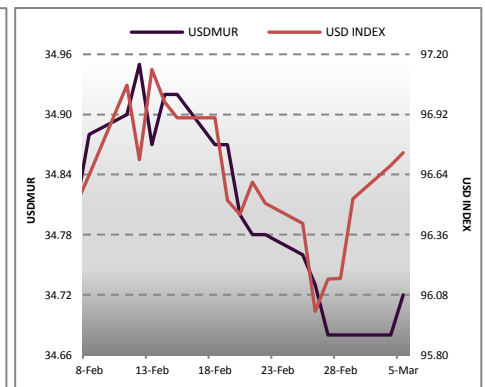
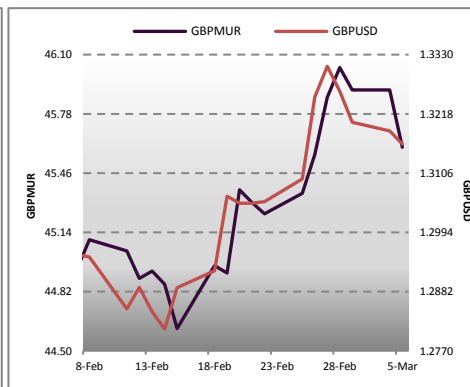
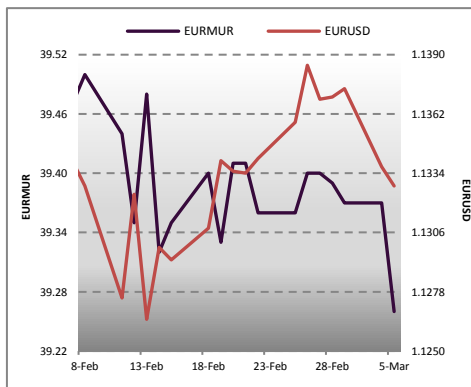
Market Highlights

Indicative Spot Rates

| | Bid | | Offer | |
|--------|-------|--------------|-------|--------------|
| | Today | Change (Rs.) | Today | Change (Rs.) |
| AUDMUR | 23.82 | (0.03) | 24.77 | (0.03) |
| CNYMUR | 5.04 | 0.01 | 5.30 | 0.01 |
| EURMUR | 38.12 | (0.10) | 39.26 | (0.11) |
| JPYMUR | 29.92 | (0.03) | 31.12 | (0.03) |
| ZARMUR | 2.35 | (0.01) | 2.47 | (0.01) |
| USDMUR | 33.82 | 0.04 | 34.72 | 0.04 |
| GBPMUR | 44.27 | (0.30) | 45.60 | (0.31) |

Indicative Forward Rates

| | Bid | | | Offer | | |
|--------|-------|-------|-------|-------|-------|-------|
| | 1m | 3m | 6m | 1m | 3m | 6m |
| AUDMUR | 23.82 | 23.83 | 23.85 | 24.80 | 24.87 | 24.99 |
| EURMUR | 38.22 | 38.41 | 38.72 | 39.38 | 39.64 | 40.06 |
| ZARMUR | 2.34 | 2.32 | 2.29 | 2.46 | 2.45 | 2.43 |
| USDMUR | 33.82 | 33.81 | 33.82 | 34.74 | 34.79 | 34.88 |
| GBPMUR | 44.34 | 44.47 | 44.67 | 45.70 | 45.90 | 46.23 |



Previous Day Trading Levels

| | Previous Day Trading Levels | | | Today |
|--------|-----------------------------|--------|--------|--------|
| | Opening | High | Low | Latest |
| AUDUSD | 0.7091 | 0.7096 | 0.7067 | 0.7075 |
| EURUSD | 1.1337 | 1.1351 | 1.1325 | 1.1329 |
| GBPUSD | 1.3175 | 1.3195 | 1.3151 | 1.3162 |
| USDJPY | 111.72 | 111.94 | 111.73 | 111.93 |
| USDCHF | 0.9989 | 1.0000 | 0.9985 | 0.9997 |
| USDCNH | 6.71 | 6.71 | 6.70 | 6.70 |

Today

Major Indices

| | Value at Close | Day Change % |
|------------|----------------|--------------|
| DOW JONES | 26,026.32 | (0.79) |
| S&P 500 | 2,792.81 | (0.39) |
| FTSE 100 | 7,134.39 | 0.39 |
| DAX | 11,592.66 | (0.08) |
| CAC 40 | 5,286.57 | 0.41 |
| NIKKEI 225 | 21,723.31 | (0.45) |
| HANGSENG | 28,909.25 | (0.17) |

Major Economic Releases (at GMT)

| Date | Time | Country | Event | Period | Actual | Expected | Prior |
|--------|-------|---------|----------------------------|--------|--------|----------|-------|
| 05-Mar | 03 30 | AU | RBA Interest Rate Decision | Mar | 1.5% | 1.5% | 1.5% |
| 05-Mar | 15 00 | US | ISM Non-Manufacturing PMI | Feb | - | 57.2 | 56.7 |
| 06-Mar | 15 00 | CA | BoC Interest Rate Decision | - | - | 1.75% | 1.75% |
| 07-Mar | 12 45 | EU | ECB Interest Rate Decision | - | - | 0.0% | 0.0% |

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

- > Treasury prices ticked higher yesterday, pushing yields lower, after investors poured into the perceived safety of government paper, as investors shook off optimism around US-China trade talks and stocks pivoted lower.
- > The Wall Street Journal reported that Washington and Beijing were completing a deal that would see the US cut its tariffs on Chinese imports, at the same time, obligating Beijing to buy American agricultural and energy products. President Donald Trump and Chinese leader Xi Jinping could meet later in March to complete an agreement.
- > The 10-year US Treasury note yield dropped 3.3 basis points to trade at 2.722 percent, while the 2-year note yield gave away 1.4 basis points to 2.544 percent.

- > Tomorrow, the Bank of Mauritius will hold the auction for a New Benchmark 5-year Government of Mauritius Bonds, for a nominal amount of MUR 2,000 Mio.
- > The result of the 364-Day Government of Mauritius Treasury Bills was as follows: out of 10 bids received, 6 were successful, with a bid to cover ratio of 2 compared to 1.86 in the last auction, with the weighted average yield published at 3.62 percent.
- > As for the 91-Day and 182-Day Bank of Mauritius Treasury Bills, the bid to cover ratio was 2.08 compared to 1.8 in the last auction held. The weighted average yields were published at 3.27 percent and 3.47 percent respectively.

Market Highlights

Local Secondary Market T-Bills

| | Bid (%) | Offer (%) |
|-----|---------|-----------|
| 1M | 3.07 | - |
| 2M | 3.17 | - |
| 3M | 3.28 | 3.13 |
| 4M | 3.39 | - |
| 6M | 3.50 | 3.35 |
| 8M | 3.54 | - |
| 10M | 3.59 | - |
| 1Y | 3.63 | 3.48 |

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

Local Secondary Market T-Bonds

| | Bid (%) | Offer (%) |
|---------|---------|-----------|
| 2 year | 3.95 | 3.75 |
| 3 year | 4.15 | 3.95 |
| 4 Year | 4.45 | 4.25 |
| 5 Year | 4.90 | 4.65 |
| 10 Year | 5.50 | 5.25 |
| 15 year | 6.05 | 5.80 |
| 20 Year | 6.20 | 5.95 |

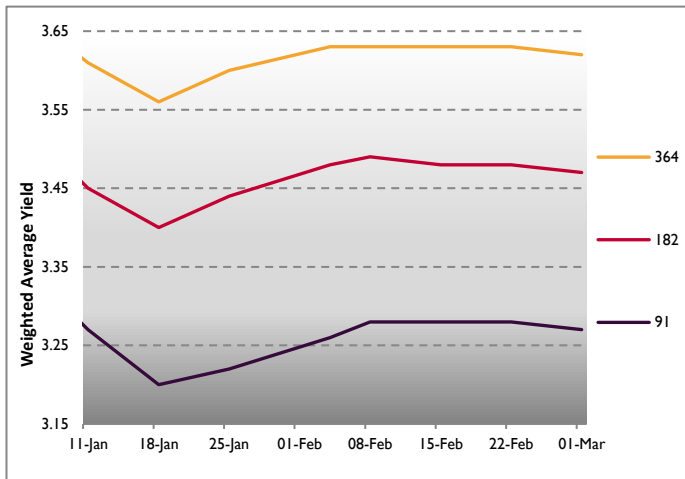
Key Central Bank Rates

| | Current Level (%) | Previous (%) |
|----------------|-------------------|--------------|
| BOM Repo Rate | 3.50 | 3.50 |
| Fed Funds Rate | 2.25 - 2.50 | 2.25 - 2.50 |
| 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 | 2.5425 | 2.529 |
| UK Bonds | 0.772 | 0.98 |
| German Bonds | -0.531 | -0.324 |

Local Treasury Bills Market



Money Market Rates

| LIBOR (%) | 1 Week | 1 Month | 3 Months | 6 Months |
|-----------|--------|---------|----------|----------|
| EUR | -0.448 | -0.412 | -0.333 | -0.297 |
| USD | 2.405 | 2.483 | 2.608 | 2.683 |
| GBP | 0.697 | 0.729 | 0.849 | 0.991 |
| EURIBOR | -0.373 | -0.368 | -0.310 | -0.230 |

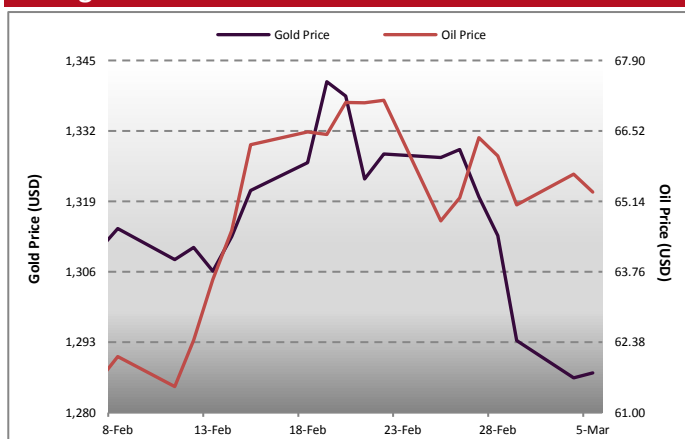
Indicative Generic Swap Rates* (%)

| Tenor | 2yr | 5yr | 7yr | 10yr |
|----------------|--------|-------|-------|-------|
| EURIBOR - 3m | -0.215 | 0.082 | 0.302 | 0.618 |
| USD LIBOR - 3m | 2.619 | 2.576 | 2.610 | 2.727 |

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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News

- > Gold prices sank to a 5-week low in the last session, trading at USD 1,288.65 as optimism around a positive outcome in the US-China trade deal lifted risk-appetite and reduced demand for safe-haven assets. Upbeat remarks about the trade talks are complicating hopes that the precious metal could return to the USD 1,300 level.
- > The oil market posted modest gains, rising only 1.1 percent, on the back of continued supply cuts by the OPEC while signs that the US and China could soon reach an agreement underpin outlook for crude demand.

| | Spot Market | | Futures Market | |
|----------------------|-------------|-------------|----------------|-------------|
| | Today | Change (\$) | Today | Change (\$) |
| Brent Crude Oil (\$) | 63.90 | 0.74 | 65.34 | (0.33) |
| Gold (\$) | 1,288.00 | 1.58 | 1,287.00 | 2.20 |