

FOREIGN EXCHANGE MARKET

News

- > The greenback traded higher against its major peers on Wednesday as US services sector activity accelerated to a one-year high in February, suggesting underlying strength in the economy despite the coronavirus outbreak, which has triggered financial market fear of a recession and led to an emergency interest rate cut from the Federal Reserve.
- > After hitting 1.1213 on Tuesday, EUR/USD moved lower through trade yesterday on speculation that the ECB will also cut its interest rate next week as well as downbeat France and German service PMI.
- > GBP/USD rose to 1.2886 after the incoming Bank of England Governor Andrew Bailey stated that he would wait for more clarity about the virus before moving interest rates, rather than rushing to an emergency cut.
- > USD/JPY rebounded from a 4-1/2 month low of 106.86 and hit 107.56 on firm gains in US equities, while the Aussie dollar remains supported by positive economic data as the AUD/USD pair trades firmly above 0.6600.
- > South African rand firmed to 15.21 per dollar on Wednesday, finding relief in a surprise rate cut by the Federal Reserve after a sharp selloff triggered by data showing the economy is in recession.
- > The Loonie weakened against its US counterpart as the Bank of Canada delivered its biggest interest rate cut in more than 10 years and hinted at readiness to further easing to limit the economic impact of the coronavirus.
- > The USD/MUR and the GBP/MUR gain 10 cents and 36 cents respectively this morning with a speech from Bank of England Governor Mark Carney in the pipeline for today.
- > The Bank of Mauritius has announced the close monitoring of the evolution of COVID-19 and its impact on the Mauritius economy. The Central Bank stated that necessary actions would be implemented to support business continuity and maintain price stability, if required. The next Monetary Policy Committee meeting has been scheduled for the 10th March 2020.

Daily Technical View

EUR/USD - As expected yesterday 1.1100 support area kept the pullbacks at bay for the single pair. The focus remains on the upside towards 1.1200 but if 1.1100 is given away next support zone is seen around 1.1060.

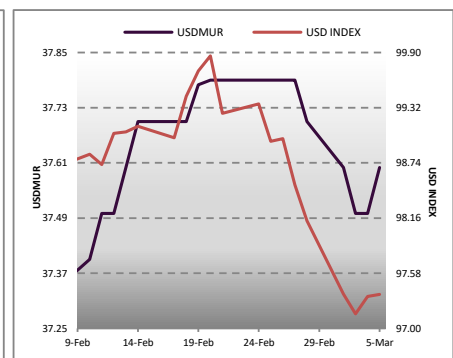
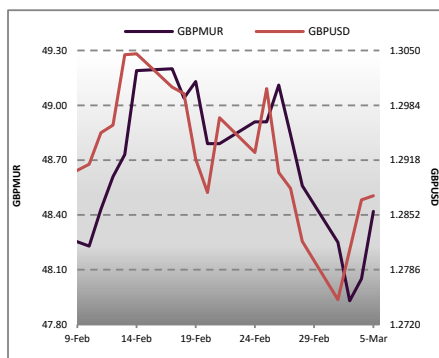
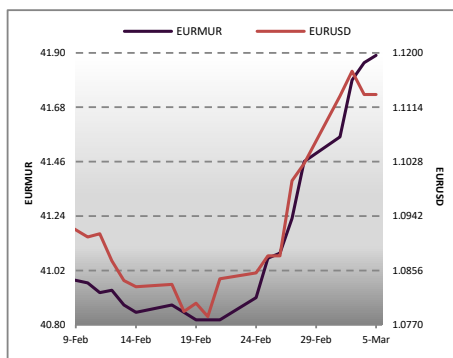
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	24.17	0.14	25.14	0.15
CNYMUR	5.28	0.01	5.55	0.01
EURMUR	40.67	0.03	41.89	0.03
JPYMUR	33.86	0.13	35.21	0.13
ZARMUR	2.36	0.02	2.51	0.02
USDMUR	36.70	0.10	37.60	0.10
GBPMUR	47.01	0.36	48.42	0.37

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	24.18	24.20	24.23	25.17	25.25	25.37
EURMUR	40.74	40.89	41.10	41.98	42.19	42.49
ZARMUR	2.35	2.33	2.29	2.50	2.49	2.46
USDMUR	36.70	36.69	36.68	37.62	37.66	37.73
GBPMUR	47.05	47.13	47.24	48.48	48.63	48.85



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.6626	0.6629	0.6608	0.6626
EURUSD	1.1134	1.1143	1.1131	1.1135
GBPUSD	1.2870	1.2879	1.2861	1.2878
USDJPY	107.52	107.73	107.27	107.39
USDCHF	0.9567	0.9573	0.9557	0.9569
USDCNH	6.92	6.94	6.92	6.94

Major Indices

	Value at Close	Day Change %
DOW JONES	25,917.41	4.53
S&P 500	3,130.12	4.22
FTSE 100	6,815.59	1.45
DAX	12,127.69	1.19
CAC 40	5,464.89	1.33
NIKKEI 225	21,270.94	0.81
HANGSENG	26,736.26	1.96

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
4-Mar	15 00	US	ISM Non-Manufacturing PMI	Feb	57.3	54.9	55.5
4-Mar	15 00	CA	BoC Interest Rate Decision	-	1.25%	1.50%	1.75%
6-Mar	13 30	US	Nonfarm Payrolls	Feb	-	175K	225K
6-Mar	13 30	US	Average Hourly Earnings (YoY)	Feb	-	3.0%	3.1%

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

- > Short-dated Treasury yields fell sharply on expectation of further easing by the Federal Reserve, only a day after the US central bank carried out a surprise 50-basis-point rate cut.
- > The Fed cut its interest rate on Tuesday ahead of its scheduled policy meeting in two weeks, with the BoC also cutting its interest rate by 50 basis points on Wednesday. The expectation now is for other monetary policymakers at the Bank of England and the European Central Bank to follow suit and ease policy too.
- > Moves by the Fed and the Bank of Canada followed a conference call by G-7 finance ministers and central bank governors that pledged measures to shore up global economic growth in the face of the COVID-19 epidemic emanating from China.
- > Tomorrow, the Bank of Mauritius will issue the 182-Day Government of Mauritius Treasury Bills for a nominal amount of MUR 900 Mio as well as the 91-Day and 364-Day Bank of Mauritius Treasury Bills for a nominal amount of MUR 2,000 Mio.
- > No bids were successful yesterday for the 15-Year inflation-indexed Government of Mauritius Bonds for the tender amount of MUR 1,500 Mio. The Central Bank will hold the auction for the 15-year Government of Mauritius Bonds on the 11th March for a nominal amount of MUR 1,500 Mio.
- > The result of the 28-Day Bank of Mauritius Bills was as follows: out of 11 bids received, only 6 were accepted, with a weighted average yield of 1.82 percent and a bid to cover ratio of 2.80.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	1.95	-
2M	2.00	-
3M	2.05	1.90
4M	2.07	-
6M	2.10	1.95
8M	2.18	-
10M	2.27	-
1Y	2.35	2.20

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

Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	2.90	2.70
3 year	3.15	2.95
4 Year	3.30	3.10
5 Year	3.50	3.25
10 Year	4.20	3.95
15 year	4.75	4.50
20 Year	5.35	5.10

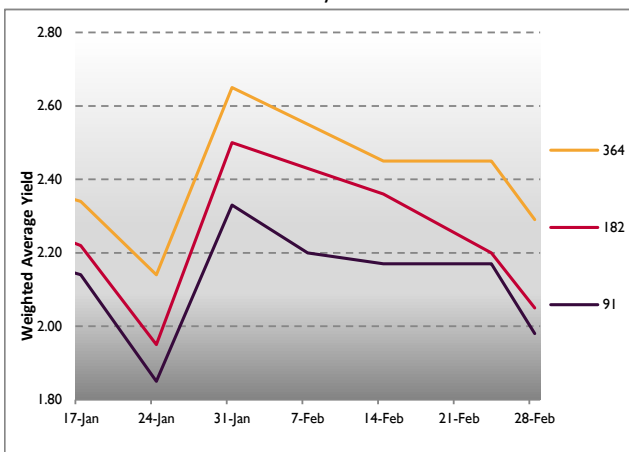
Key Central Bank Rates

	Current (%)	Previous (%)
BOM Repo Rate	3.35	3.35
Fed Funds Rate	1.00 - 1.25	1.50 - 1.75
BoE Bank Rate	0.75	0.75
ECB Ref. Rate	0.0	0.0
RBA Cash Rate	0.50	0.75

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	0.6486	0.754
UK Bonds	0.203	0.251
German Bonds	-0.821	-0.814

Local Treasury Bills Market



Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.557	-0.546	-0.487	-0.452
USD	1.536	1.377	1.314	1.252
GBP	0.645	0.636	0.640	0.626
EURIBOR	-0.516	-0.508	-0.463	-0.422

* LIBOR rates delayed by 48 hours. Source: ICE

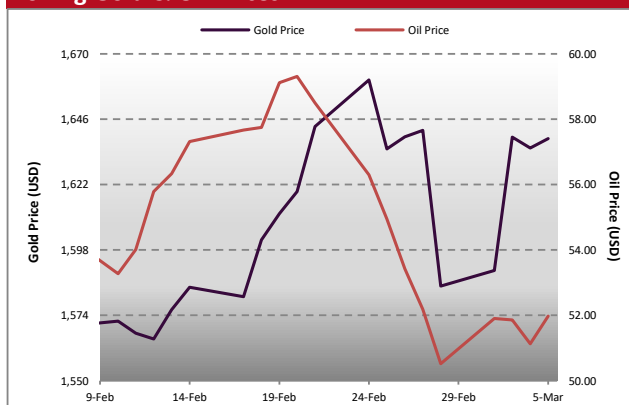
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.540	-0.512	-0.317	-0.061
USD LIBOR - 3m	0.703	0.805	0.893	1.010

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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

News

- > Crude oil prices reversed previous gains and settled lower this morning as major oil producers, including Saudi Arabia, struggled to bring Russia on board for deeper supply cuts amid the coronavirus outbreak. The group, known as OPEC+, is planning to cut at least 1 million barrels per day while the Energy Information Administration reported yesterday a rise by 785,000 barrels for the week ended Feb. 28.
- > Gold prices were little changed yesterday despite virus risks fueling demand for safe haven assets and interest rate cut by the Fed supporting the bullion. A jump in equities, after the win from Vice President Joe Biden over Senator Bernie Sanders, capped any further gains in the commodity.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	52.00	(0.37)
Gold (\$)	1,639.09	3.64