

FOREIGN EXCHANGE MARKET

News

- > The US dollar opened the week on the softer side, giving up ground against most counterparts, unable to hold onto last week's gains.
- > EUR/USD topped at 1.1640 on Monday before retreating from that level during US trading hours on profit-taking. The macroeconomic calendar this Tuesday will include the final figures of Services PMIs for the EU and the US, while the latter will publish the official ISM services index.
- > GBP/USD rallied to intra-day high at 1.3640 yesterday as a decline of the US dollar across the board boosted the pair. The pound was also up against the euro as fuel shortages across the UK eased.
- > USD/JPY weakened for the third consecutive day, extending its reversal from 19-month highs right above 112.00 reached last week, to levels below 111.00, amid broad-based dollar weakness.
- > AUD/USD retreated towards 0.7250 after the RBA kept the benchmark interest rate unchanged at 0.10 percent and the weekly bond purchase at AUD 4.00 billion while the rate statement raised doubts over the Aussie economic expansion due to the pandemic-led local lockdowns.
- > The Canadian dollar traded near an almost one-month high of 1.2558 per greenback buoyed by surging oil prices.
- > The South African rand slumped on Monday, tracking a broader decline in emerging market currencies on concerns over the Chinese economy.
- > The USD/MUR maintains the level of MUR 42.90/USD on the offer as investors now await the latest US jobs report for clues on the US Federal Reserve timing to begin asset tapering and hiking interest rates.

Daily Technical View

EUR/USD - After trading to a session high of 1.1640 against the USD on Monday, the EUR eased below 1.1600 this morning as market mood turned sour after Fitch downgraded Beijing-based property developer Sinic. Latest IMM data showed that the speculative community is very bullish on the greenback, holding a net long dollar position of USD 16.37 billion for the week ending 28 September 2021, the highest since March 2020. Intra-day as long as we trade below 1.1660 level the risk is for another drop towards 1.1530/60 support area.

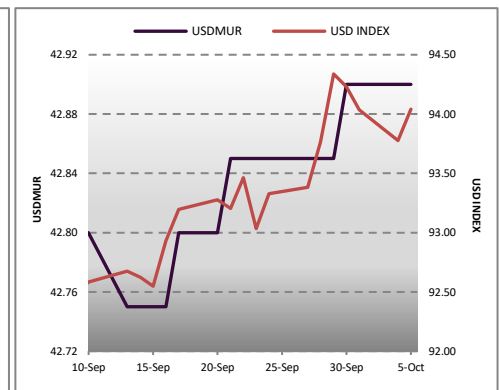
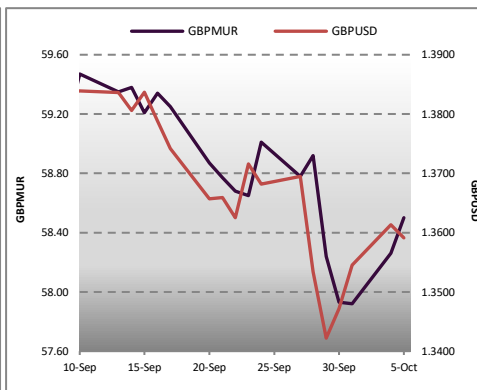
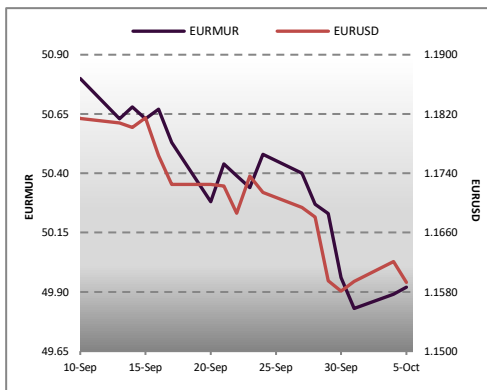
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.36	0.01	31.57	0.01
CNYMUR	6.50	-	6.83	-
EURMUR	48.47	0.03	49.92	0.03
JPYMUR	37.40	(0.04)	38.90	(0.04)
ZARMUR	2.74	(0.03)	2.92	(0.03)
USDMUR	42.00	-	42.90	-
GBPMUR	56.80	0.24	58.50	0.24

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.36	30.34	30.32	31.60	31.67	31.81
EURMUR	48.46	48.45	48.43	49.98	50.12	50.38
ZARMUR	2.72	2.69	2.63	2.92	2.91	2.90
USDMUR	41.98	41.95	41.86	42.93	43.01	43.16
GBPMUR	56.79	56.76	56.68	58.54	58.64	58.83



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7284	0.7294	0.7253	0.7257
EURUSD	1.1622	1.1622	1.1591	1.1596
GBPUSD	1.3613	1.3614	1.3585	1.3587
USDJPY	110.87	111.22	110.88	111.19
USDCHF	0.9251	0.9270	0.9238	0.9268
USDCNH	6.45	6.46	6.45	6.46

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	34,326.46	(0.94)
S&P 500	4,300.46	(1.30)
FTSE 100	7,011.01	(0.23)
DAX	15,036.55	(0.79)
CAC 40	6,477.66	(0.61)
NIKKEI 225	27,658.31	(2.77)
HANGSENG	24,032.08	(0.02)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
4-Oct	14 00	US	Factory Orders (MoM)	Aug	1.2%	0.9%	0.7%
5-Oct	03 30	AU	RBA Interest Rate Decision	-	0.1%	0.1%	0.1%
5-Oct	14 00	US	ISM Services PMI	Sep	-	60.0	61.7
6-Oct	01 00	NZ	RBNZ Interest Rate Decision	-	-	0.5%	0.25%

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 bond yields ticked higher yesterday, in the first full trade week in October, after rates registered the largest daily declines in months to end last week, despite data showing that US inflation rose again in August and stayed at a 30-year high.

> Bond yields also gained buoyancy as energy prices, viewed as further evidence of increasing pricing pressures, rose, with US grade crude-oil surging to a nearly seven-year high and natural-gas futures extending a recent advance. The prospect of rising prices is viewed as a negative for bonds because it erodes the fixed value of a bond.

> Meanwhile, investors continue to watch the latest with highly indebted Chinese property development company Evergrande for any possible signs of spillover into other parts of the debt and equity markets globally.

> The 10-year US Treasury note yielded 1.481 percent, while the 30-year Treasury bond yield strengthened to 2.048 percent. The 2-year Treasury note rate stood at 0.278 percent.

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

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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

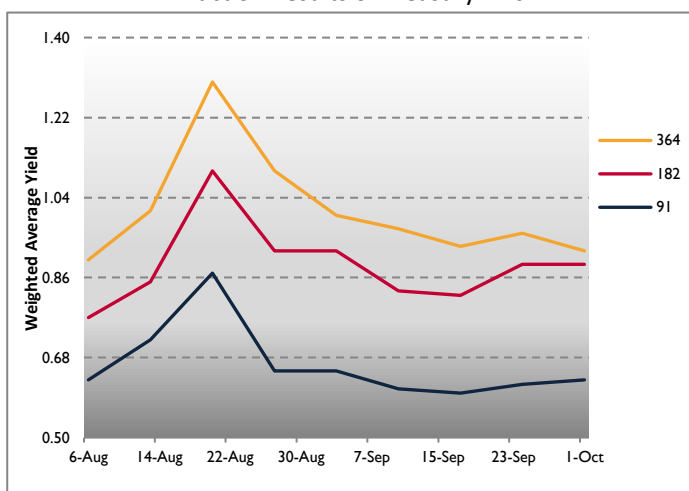
Key Central Bank Rates

	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	0.2856	0.962
UK Bonds	0.407	0.628
German Bonds	-0.705	-0.572

Auction Results of Treasury Bills



Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.581	-0.573	-0.565	-0.537
USD	0.071	0.075	0.133	0.157
GBP	0.042	0.048	0.085	0.165
EURIBOR	-0.562	-0.557	-0.547	-0.526

* LIBOR rates delayed by 48 hours. Source: ICE

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.462	-0.233	-0.081	0.134
USD LIBOR - 3m	0.386	1.045	1.270	1.505

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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News

> Gold remains vulnerable, facing strong resistance near the USD 1,770 level during the previous day session. While a robust dollar caused the bullion to shed some of its recent gains, lingering inflation concerns and fears that rising energy prices could dampen economic activity provided some support to the yellow metal.

> Oil prices jumped to multi-year highs after the OPEC+ announced its decision to uphold its current restraint on supply, ignoring calls to increase output as the economic recovery from Covid-19 continues to boost the fuel demand outlook.

> Oil prices have already surged more than 50 percent this year, a rise that has added to inflationary pressures that crude-consuming nations are concerned will derail recovery from the pandemic.

	Spot Market	
	Today	Change (\$)
Brent Crude Oil (\$)	81.58	3.04
Gold (\$)	1,756.78	(12.73)