

FOREIGN EXCHANGE MARKET

News

- > Markets are keenly awaiting the final outcome of the Georgia run-off, with a potential Democrats control of the US Senate.
- > EUR/USD is losing ground, trading below the 1.2300 level as risk sentiment falters despite a likely Democrat sweep. However, the single currency drew some support from better-than-expected German retail sales data and stable unemployment figures.
- > The US dollar fell against a basket of major currencies on Tuesday, in the wake of Chinese decision to lift its official yuan exchange rate by its highest margin since it abandoned the dollar peg in 2005.
- > The pound suffered a blow after the UK entered a harsh lockdown following a surge in cases. Britain is struggling with a contagious Covid-19 strain and plans to ramp up vaccinations.
- > USD/JPY stays depressed below the 103 level as vaccine hopes and expectation of a Democratic victory weigh on the dollar.
- > The AUD/USD pair eased further from its 34-month highs of 0.7778 as market sentiment flipped from coronavirus-related fears to US election's caution
- > A sharp drop in USD and a spike in oil prices helps the Canadian dollar to strengthen.
- > The South African rand was hurt amid speculation that President Cyril Ramaphosa could announce a new national shutdown later this week.
- > The USD/MUR maintains the same levels as yesterday at the open, despite the single currency breaching the 1.2300 handle on international markets. The market remains subdued locally with flows expected to increase gradually when the big corporates resume their normal business activities.

Daily Technical View

EUR/USD - The EUR spiked to a fresh year high of 1.2324 against the USD after early report showed the Democrat party leading in the key Georgia run-off elections, before retracing towards 1.2285 as investors digest the prospect of higher stimulus and higher taxes if the Democrats take control of the Senate. Intra-day resistance is at 1.2320, with breach targeting 1.2370/1.2415 while 1.2210 and 1.2120 levels are expected to hold the dips.

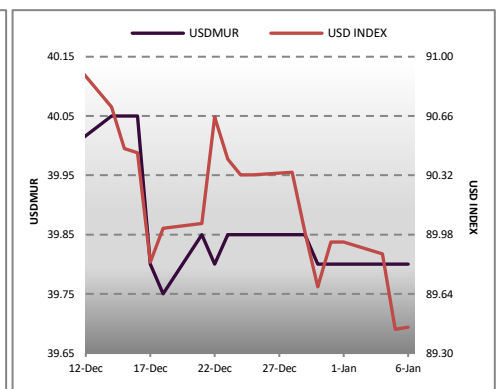
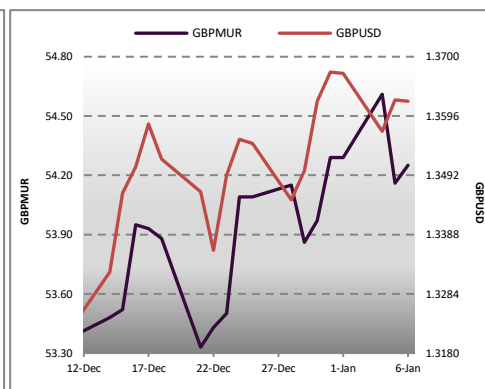
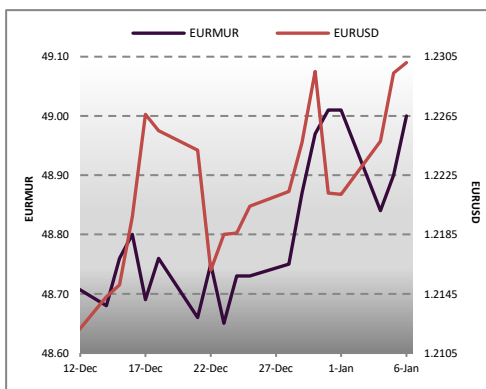
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.02	0.25	31.22	0.26
CNYMUR	6.03	-	6.34	-
EURMUR	47.57	0.09	49.00	0.10
JPYMUR	37.47	0.09	38.97	0.09
ZARMUR	2.54	(0.07)	2.71	(0.07)
USDMUR	38.90	-	39.80	-
GBPMUR	52.67	0.09	54.25	0.09

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.02	29.99	29.96	31.25	31.29	31.37
EURMUR	47.56	47.53	47.48	49.05	49.15	49.31
ZARMUR	2.52	2.49	2.44	2.71	2.70	2.70
USDMUR	38.88	38.83	38.74	39.82	39.86	39.93
GBPMUR	52.66	52.62	52.55	54.28	54.34	54.44



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7757	0.7785	0.7734	0.7783
EURUSD	1.2294	1.2324	1.2277	1.2308
GBPUSD	1.3623	1.3646	1.3593	1.3629
USDJPY	102.73	102.86	102.60	102.75
USDCHE	0.8781	0.8798	0.8772	0.8782
USDCNH	6.44	6.45	6.42	6.44

Major Indices

	Value at Close	Day Change %
DOW JONES	30,223.89	0.55
S&P 500	3,726.86	0.71
FTSE 100	6,612.25	0.61
DAX	13,651.22	(0.55)
CAC 40	5,564.60	(0.44)
NIKKEI 225	27,005.53	(0.54)
HANGSENG	27,626.70	(0.08)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
5-Jan	07 00	DE	Retail Sales (YoY)	Nov	5.60%	3.9%	8.60%
5-Jan	15 00	US	ISM Manufacturing PMI	Dec	60.7	56.6	57.5
6-Jan	13 00	DE	Harmonized Index of Consumer Prices	Dec	-	-0.6%	-0.7%
6-Jan	19 00	US	FOMC Minutes	-	-	-	-

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

> US Treasury yields ticked higher yesterday, ahead of the runoff elections for Georgia's two US Senate seats which could decide the balance of power in Washington and President-elect Biden's future legislative agenda.

> With betting odds and polling data indicating a tight race, investors were unsure whether they would see a return to the status quo of a divided Congress or a slim Democratic majority.

Meanwhile, US economic data suggested businesses were faring better than expected despite an intensifying coronavirus pandemic. The US Institute for Supply Management's manufacturing gauge came in at a reading of 60.7, a two and a half year high, from 57.5 in the previous month.

> The 10-year US Treasury note yield gained 4 basis points to trade at 0.955 percent, its highest since December 4, while the 2-year note rate added 0.6 basis point to trade at 0.121 percent.

Market Highlights
Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	0.30	0.15
2M	0.30	0.15
3M	0.30	0.15
4M	0.32	0.17
6M	0.35	0.20
8M	0.38	0.23
10M	0.42	0.27
1Y	0.45	0.30

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Local Secondary Market T-Bonds

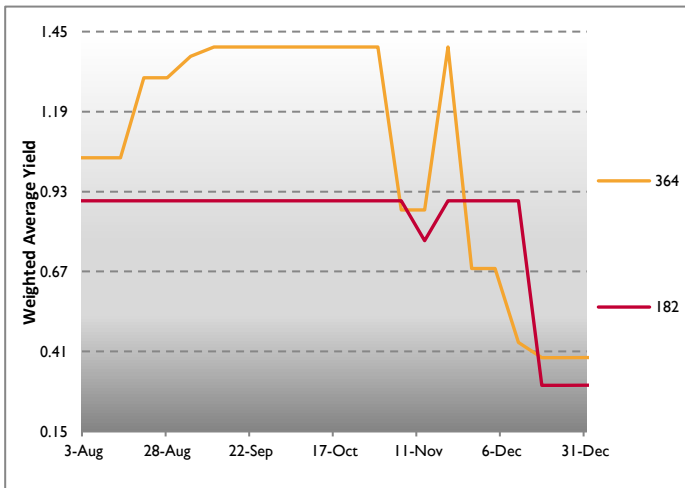
	Bid (%)	Offer (%)
2 year	1.00	0.80
3 year	1.30	1.10
4 Year	1.35	1.15
5 Year	1.55	1.30
10 Year	2.35	2.10
15 year	2.80	2.55
20 Year	3.10	2.85

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	0.25	0.25

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	0.1349	0.418
UK Bonds	-0.135	-0.083
German Bonds	-0.711	-0.743

Auction Results of Treasury Bills

Money Market Rates

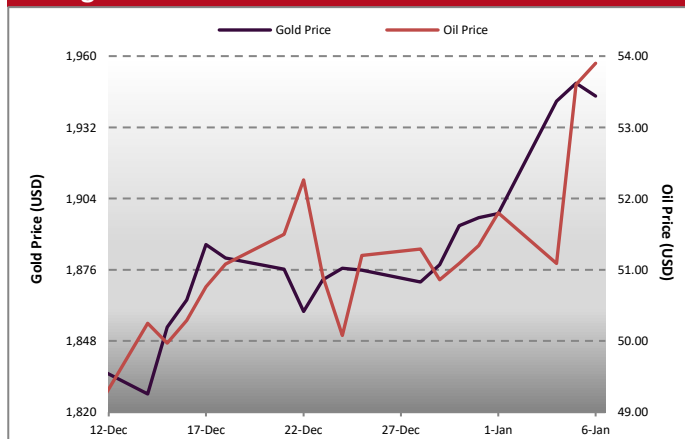
LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.568	-0.590	-0.563	-0.535
USD	0.097	0.140	0.237	0.256
GBP	0.029	0.023	0.027	0.035
EURIBOR	-0.579	-0.570	-0.546	-0.532

* LIBOR rates delayed by 48 hours. Source: ICE

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.559	-0.494	-0.422	-0.284
USD LIBOR - 3m	0.220	0.488	0.716	1.014

*Pay fixed and receive floating swap

COMMODITIES
Rolling Gold & Oil Prices


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

News

> Gold was down this morning in Asia, with investors awaiting the results of a US Senate runoff election in the state of Georgia to determine the prospects of further stimulus measures.

> Oil prices jumped after the American Petroleum Institute (API) reported a bigger-than-expected draw in crude oil inventories for the week ending January 1. News that Russia has agreed with OPEC+ not to raise output in February gave an additional boost to oil.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	52.82	2.55
Gold (\$)	1,945.60	(3.75)