

## FOREIGN EXCHANGE MARKET

### News

- > The US dollar initially fell after US ADP private payrolls grew at the smallest pace in over 9 years but later price erased its losses and ended higher due to rising US Treasury yields along with gains in US equities after the release of upbeat US ISM non-manufacturing PMI data.
- > The EUR/USD pair rallied to 1.1306, its highest since mid-April, but trimmed early gains and settled at around the 1.1220 level while the ECB will unveil its latest monetary policy decision today.
- > The GBP/USD hit a high of 1.2731 on Wednesday after PMI improved in May to 51.0, above the estimate of 50.6.
- > USD/JPY slumped to 107.80 on a dismal ADP report before recovering to above 108.40.
- > AUD/USD upside limited by US-Mexico trade conflict and poor Aussie trade balance data.
- > The Loonie got a breather yesterday after a 2-day losing streak against the US dollar as the commodity-related currency is feeling the weight of the crude oil selloff.
- > The US Dollar picks up 3 cents this morning, while the Euro drops 3 cents against the Rupee, with the ECB interest rate decision awaited today.

### Daily Technical View

EUR/USD - Disappointing US ADP jobs data sent the EUR to a session high of 1.1306 against the USD but the single currency gave back all its gains to end the day weaker at 1.1220 following upbeat US ISM Non-Manufacturing data and on news of US/Mexico trade talks to avoid the imposition of tariffs. Today we have the ECB meeting and intra-day the market is likely to trade in a 1.1200-1.1265 range ahead of the event and on the wide 1.1180-1.1320.

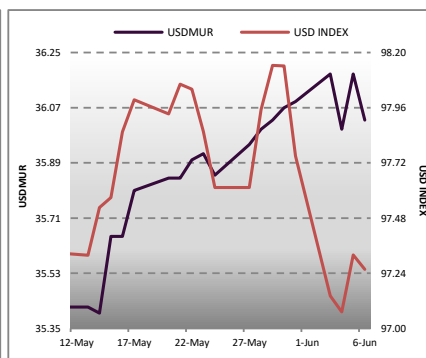
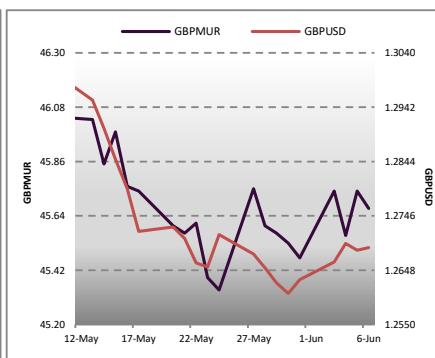
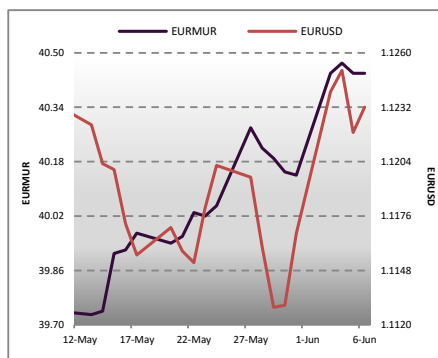
### Market Highlights

#### Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	24.36	-	25.33	-
CNYMUR	5.06	-	5.32	-
EURMUR	39.26	(0.03)	40.44	(0.03)
JPYMUR	32.14	(0.04)	33.43	(0.04)
ZARMUR	2.33	(0.06)	2.45	(0.06)
USDMUR	35.13	0.03	36.03	0.03
GBPMUR	44.34	0.11	45.67	0.11

#### Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	24.38	24.41	24.48	25.38	25.47	25.64
EURMUR	39.35	39.55	39.88	40.56	40.82	41.26
ZARMUR	2.32	2.30	2.27	2.44	2.43	2.41
USDMUR	35.13	35.13	35.16	36.05	36.11	36.23
GBPMUR	44.40	44.54	44.76	45.76	45.97	46.31



#### Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.6969	0.6975	0.6964	0.6976
EURUSD	1.1227	1.1234	1.1222	1.1236
GBPUSD	1.2682	1.2699	1.2682	1.2692
USDJPY	108.45	108.47	108.14	108.18
USDCHF	0.9945	0.9950	0.9937	0.9939
USDCNH	6.93	6.93	6.93	6.93

#### Major Indices

	Value at Close	Day Change %
DOW JONES	25,332.18	0.82
S&P 500	2,826.15	0.82
FTSE 100	7,220.22	0.08
DAX	11,980.81	0.08
CAC 40	5,292.00	0.45
NIKKEI 225	20,828.53	0.25
HANGSENG	26,897.46	0.01

### Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
6-Jun	09 00	EU	Gross Domestic Product s.a. (YoY)	Q1	-	1.2%	1.2%
6-Jun	11 45	EU	ECB Interest Rate Decision	-	-	-0.4%	-0.4%
7-Jun	12 30	US	Average Hourly Earnings (YoY)	May	-	3.2%	3.2%
7-Jun	12 30	US	Nonfarm Payrolls	May	-	185K	263K

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-term Treasury yields fell on Wednesday after a soft reading in the private-sector payrolls report heightened expectations for the Federal Reserve to embark on interest-rate cuts this year.
- > Advanced Data Processing reported private sector employers added 27,000 jobs in May compared to 275,000 in April, well short of analyst forecasts for a 185,000 reading last month.
- > The 2-year US Treasury note yield, sensitive to shifting expectations for Fed interest-rate policy, fell 3.2 basis points to 1.839 percent, finishing at its lowest level in 18 months.
- > Meanwhile, the 10-year note yield was virtually unchanged at 2.119 percent, bouncing off an intraday low of 2.081 percent.
- > The result of the 10-Year Government of Mauritius bonds for a nominal amount of MUR 1,500 Mio was as follows: out of 16 bids received, only 5 were successful, with the bid to cover ratio of 3.07 and the weighted average yield of 4.35 percent.
- > The Results of the issue of Government of Mauritius Treasury Certificates were as follows: for the 91-Day certificate, no bids were received. For the 182-Day Certificate, the only bid submitted was accepted at an interest of 2.44 percent. Finally, for the 364-Day certificate, the only bid submitted was accepted at 2.64 percent.
- > Tomorrow, the Bank of Mauritius will issue the 91-Day, 182-Day and 364-Day Bank of Mauritius Bills for a nominal amount of MUR 4,500 Mio.

### Market Highlights

#### Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	1.95	-
2M	2.05	-
3M	2.15	2.00
4M	2.30	-
6M	2.45	2.30
8M	2.52	-
10M	2.58	-
1Y	2.65	2.50

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

#### Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	3.10	2.90
3 year	3.40	3.20
4 Year	3.70	3.50
5 Year	4.25	4.00
10 Year	5.00	4.75
15 year	5.50	5.25
20 Year	5.85	5.60

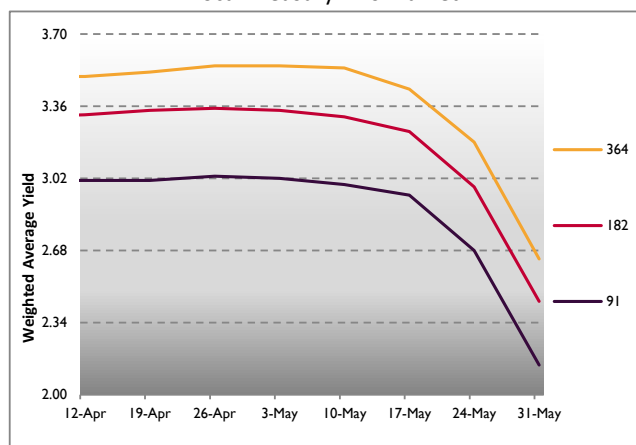
#### Key Central Bank Rates

	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	1.8204	1.845
UK Bonds	0.571	0.62
German Bonds	-0.671	-0.608

#### Local Treasury Bills Market



#### Money Market Rates

LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.449	-0.426	-0.366	-0.328
USD	2.379	2.419	2.472	2.408
GBP	0.696	0.726	0.796	0.871
EURIBOR	-0.391	-0.379	-0.322	-0.254

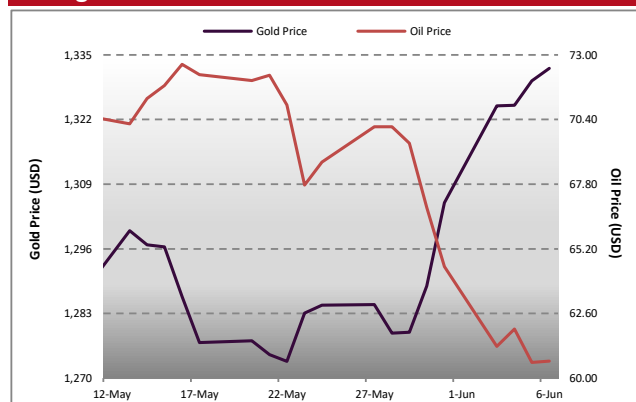
#### Indicative Generic Swap Rates\* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.373	-0.215	-0.047	0.217
USD LIBOR - 3m	1.856	1.860	1.954	2.092

\*Pay fixed and receive floating swap

## COMMODITIES

### Rolling Gold & Oil Prices



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### News

- > Oil prices eased out their decline in the Asian session after hitting their lowest level since mid-January. Markets are under pressure from a surge in US crude inventories and record production, which is more than offsetting the efforts from the OPEC+, and as the global economic slowdown starts to dent energy demand.
- > Gold prices registered a sixth day of gains, boosted by anticipation that the Federal Reserve will have to cut rates to protect the US from a potential global recession.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	63.60	(1.41)	60.68	0.05
Gold (\$)	1,332.51	2.73	1,329.50	1.20