

FOREIGN EXCHANGE MARKET

News

> The US dollar recovered all the ground shed post-Fed and even reached fresh weekly highs against some of its major peers as financial markets entered panic mode. Stagflation-related fear hit US trading desks, with Wall Street collapsing and government bond yields soaring to their highest in four years.

> Focus now shifts to US employment figures, as the country will today publish the April Nonfarm Payrolls report.

> EUR/USD pair returned to the 1.0500 area after touching a weekly high of 1.0641 on renewed broad-based rally in USD as the Union is struggling to replace Russian energy.

> GBP/USD tumbled to 1.2324, its lowest since June 2020 from its opening at 1.2630 after the Bank of England raised interest rates by 25 bps to 1.0 percent. However, the Central Bank downwardly revised its growth estimates for this year and the next one, warning the UK will fall into recession before the year-end, adding that inflation will likely have two digits by the same time.

> USD/JPY rallied to 130.80 on broad-based USD strength in tandem with US Treasury yields.

> The Australian dollar fell sharply through trade on Thursday, giving up post FOMC gains amid rising stagflation fears.

> The Canadian dollar weakened against its US counterpart on Thursday, as investors await domestic employment data for April due this Friday that could help guide expectations for further tightening.

> USD/MUR ends the week at MUR 43.40/USD, with the EUR/MUR trading at MUR 46.00/EUR on the offer.

Daily Technical View

EUR/USD – The single currency erased its FOMC-induced gains to test yesterday's low at 1.0492, dragged down by broad-based US dollar strength, worse-than-expected March Germany factory orders and risk-off sentiment as job reports looms in later. Bearish outlook for the pair resurrected where support is found near the May's low at 1.0471. If the pair makes a U-turn, resistance may be seen at 1.0642.

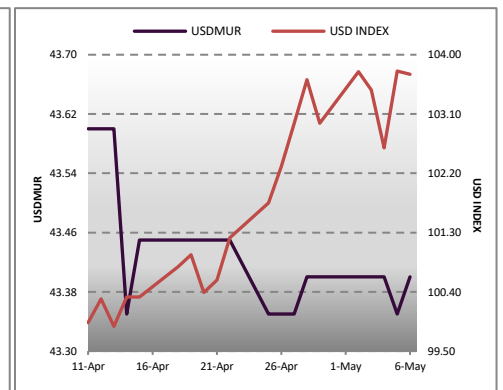
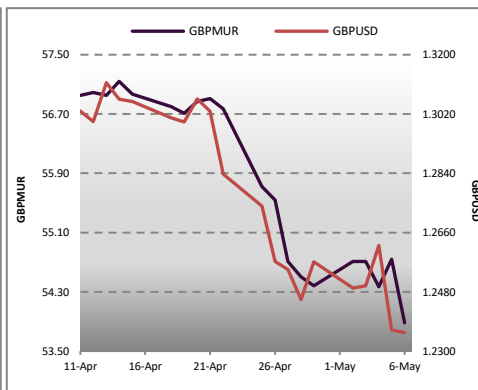
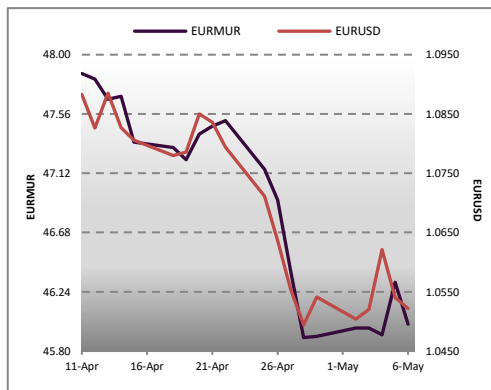
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.08	(0.51)	31.28	(0.53)
CNYMUR	6.32	(0.08)	6.64	(0.09)
EURMUR	44.66	(0.30)	46.00	(0.31)
JPYMUR	32.23	(0.32)	33.52	(0.33)
ZARMUR	2.60	(0.10)	2.77	(0.11)
USDMUR	42.50	0.05	43.40	0.05
GBPMUR	52.31	(0.84)	53.88	(0.86)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.07	30.02	29.85	31.31	31.35	31.34
EURMUR	44.66	44.63	44.58	46.06	46.19	46.39
ZARMUR	2.58	2.55	2.49	2.77	2.77	2.75
USDMUR	42.46	42.34	42.09	43.41	43.41	43.38
GBPMUR	52.27	52.16	51.91	53.89	53.89	53.88



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7111	0.7132	0.7083	0.7098
EURUSD	1.0542	1.0550	1.0517	1.0526
GBPUSD	1.2363	1.2380	1.2334	1.2359
USDJPY	130.17	130.80	130.10	130.68
USDCHF	0.9847	0.9884	0.9842	0.9876
USDCNH	6.68	6.73	6.68	6.72

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	34,061.06	(3.12)
S&P 500	4,146.87	(3.56)
FTSE 100	7,503.27	0.13
DAX	13,902.52	(0.49)
CAC 40	6,368.40	(0.43)
NIKKEI 225	26,971.99	0.57
HANGSENG	20,024.42	(3.70)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
6-May	12 30	US	Nonfarm Payrolls	Apr	-	391K	431K
6-May	12 30	CA	Unemployment Rate	Apr	-	5.2%	5.3%
11-May	12 30	US	CPI ex Food & Energy (YoY)	Apr	-	6.0%	6.5%
12-May	06 00	UK	Gross Domestic Product (QoQ) PREL	Q1	-	0.7%	1.3%

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 Treasury yields rose across the board yesterday, with yields on 7- to 30-year maturities all trading above 3 percent, as investors sold off both bonds and stocks amid a renewed focus on worries about stagflation.

> The wild ride in financial markets yesterday also sent the Dow Jones Industrial Average down by more than 1,300 points in the final hour of trading, and left the US dollar at its highest in about two decades as investors recalibrated expectations that interest rate hikes will be enough to put a damper on inflation.

> Following the Fed interest rate hike on Wednesday, the Bank of England, which lifted its benchmark rate to 1 percent, gave a grim economic forecast that reminded investors of the risks of stagflation and sent the British pound lower and the US dollar index up to some of its highest levels in almost 20 years.

> The yield on the 10-year US Treasury note gained 15.2 basis points to 3.066 percent, while the 2-year Treasury yield advanced by 10.8 basis points to 2.722 percent. The yield on the 30-year Treasury bond strengthened by 15.8 basis points to 3.159 percent.

> The April US employment report is due later today, with economists looking for nonfarm payrolls to show a rise of 400,000 after a 431,000 jump in March.

> Today, the Bank of Mauritius will hold the auction for the 364-day Government of Mauritius Treasury bills for a nominal amount of MUR 500 Mio as well as the 91-Day and 182-Day Bank of Mauritius Treasury Bills for a nominal amount of MUR 1,200 Mio.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	0.75	0.60
2M	0.80	0.65
3M	0.85	0.70
4M	0.90	0.75
6M	0.95	0.80
8M	0.98	0.83
10M	1.01	0.86
1Y	1.05	0.90

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Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	2.15	1.95
3 year	2.55	2.35
4 Year	2.90	2.70
5 Year	3.15	2.90
10 Year	4.45	4.20
15 year	4.55	4.30
20 Year	4.90	4.65

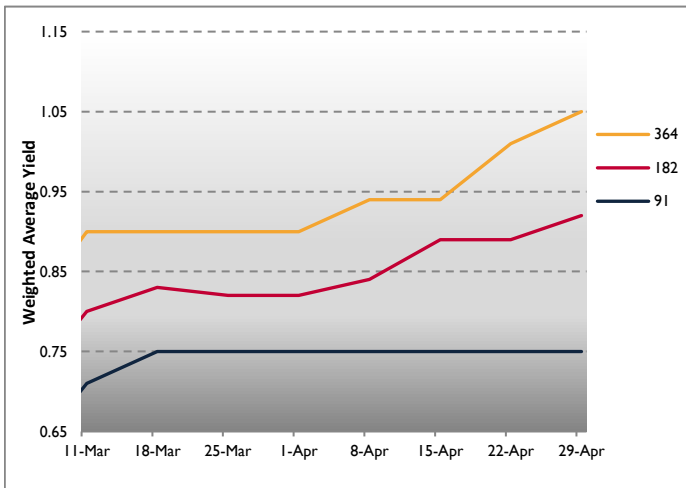
Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	2.00	1.85
Fed Funds Rate	0.75-1.00	0.25 - 0.50
BoE Bank Rate	1.00	0.75
ECB Ref. Rate	0.00	0.00
RBA Cash Rate	0.35	0.10

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	2.7308	3.040
UK Bonds	1.563	1.655
German Bonds	0.283	0.763

Auction Results of Treasury Bills



Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-	-	-	-
USD	-	0.845	1.406	2.020
GBP	-	1.021	1.299	1.789
EURIBOR	-0.569	-0.544	-0.427	-0.205

* LIBOR rates delayed by 48 hours. Source: ICE

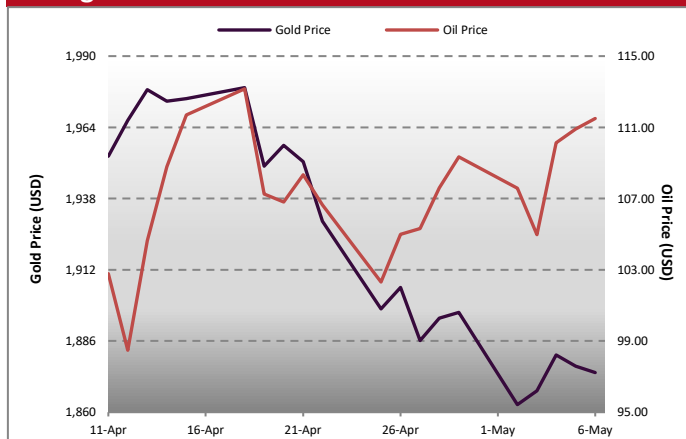
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	0.964	1.467	1.604	1.801
USD LIBOR - 3m	3.048	3.118	3.125	3.135

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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News

> Oil prices climbed for a third straight session on Friday, shrugging off concerns about global economic growth as worries about tightening supplies underpinned prices ahead of an impending European Union embargo on Russian oil.

> Ignoring calls from Western nations to hike output more, the OPEC+ agreed as expected to another modest monthly increase in oil output.

> Gold has regained some strength after dipping to near USD 1,866.15 in the Asian session this morning while investors remain on the sidelines ahead of the release of the NFP and a bunch of speeches from the Fed policymakers for fresh hints on the interest rates outlook and the gold price direction.

	Spot Market	
	Today	Change (\$)
Brent Crude Oil (\$)	112.72	3.98
Gold (\$)	1,875.23	(1.61)