

FOREIGN EXCHANGE MARKET

News

- > The US dollar ended the day mixed across the board on Tuesday, appreciating only against the EUR and the JPY. Investors remained cautious ahead of the release of key US jobs report on Friday which is seen as crucial to the Fed timeline for asset tapering.
- > EUR/USD remained on the back foot, trading around 1.1600, during this morning Asian session. This Wednesday, Germany will publish August factory orders while the EU will release retail sales for the same month. Focus in the US today will be on the ADP survey on private job creation.
- > GBP/USD failed to capitalize on the previous session gains and remained subdued in the Asian session trading around 1.3610 as energy crisis, slower growth and Brexit woes continue to weigh on the pound.
- > USD/JPY jumped above 111.50 after posting fall for three-consecutive days as higher US T-bond yields undermined the demand for the US dollar.
- > The Australian dollar maintained a narrow band through trade on Tuesday, bouncing between 0.7250 and 0.7300 after the RBA maintained its monetary policy unchanged as expected.
- > The Reserve Bank of New Zealand lifted its official cash rate for the first time in seven years to 0.50 percent from the previous month 0.25 percent. The NZD briefly rose after the announcement but fell back to 0.6930, in line with broader market moves, as the hike was expected by traders.
- > The Canadian dollar strengthened to 1.2541 its highest since September 7 at 1.2541 against its US counterpart on Tuesday on surging oil prices and data showed Canada trade surplus widening in August.
- > The USD/MUR once again opens at MUR 42.90/USD on the offer, with the EUR/MUR shedding 2 cents to open at MUR 49.90/EUR, with the single currency still trading below the 1.1600 handle.

Daily Technical View

EUR/USD - A very quiet session saw the pair trading in a 1.581-1.1613 range yesterday as investors stayed on the sidelines ahead of Friday's US jobs data release. No change in view as long as 1.1660 resistance area cap rallies we expect a re-test of the 1.1560 level and further out the key 1.1500 support level.

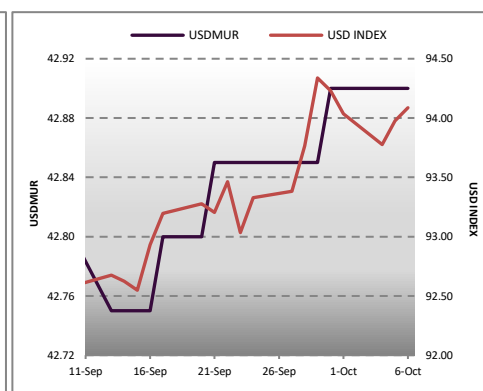
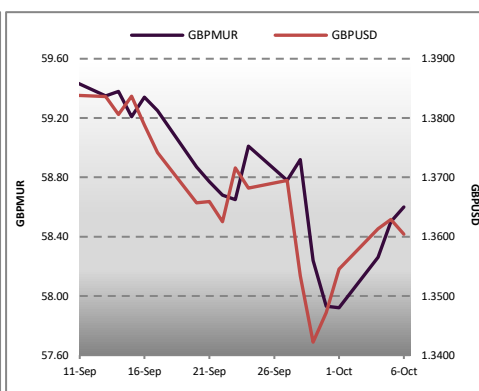
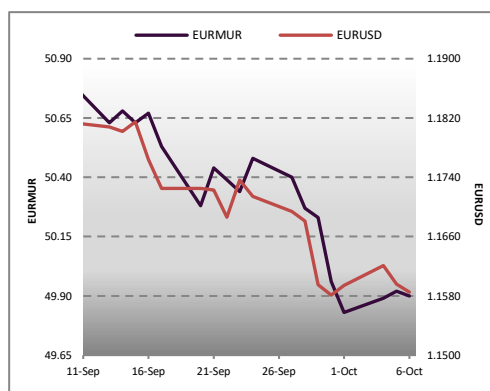
Market Highlights

Indicative Spot Rates

| | Bid | | Offer | |
|--------|-------|--------------|-------|--------------|
| | Today | Change (Rs.) | Today | Change (Rs.) |
| AUDMUR | 30.37 | 0.01 | 31.58 | 0.01 |
| CNYMUR | 6.50 | - | 6.83 | - |
| EURMUR | 48.45 | (0.02) | 49.90 | (0.02) |
| JPYMUR | 37.25 | (0.15) | 38.74 | (0.16) |
| ZARMUR | 2.74 | - | 2.92 | - |
| USDMUR | 42.00 | - | 42.90 | - |
| GBPMUR | 56.89 | 0.09 | 58.60 | 0.10 |

Indicative Forward Rates

| | Bid | | | Offer | | |
|--------|-------|-------|-------|-------|-------|-------|
| | 1m | 3m | 6m | 1m | 3m | 6m |
| AUDMUR | 30.36 | 30.35 | 30.31 | 31.61 | 31.69 | 31.80 |
| EURMUR | 48.44 | 48.43 | 48.40 | 49.96 | 50.11 | 50.35 |
| ZARMUR | 2.72 | 2.69 | 2.63 | 2.92 | 2.91 | 2.90 |
| USDMUR | 41.98 | 41.93 | 41.85 | 42.93 | 43.00 | 43.14 |
| GBPMUR | 56.88 | 56.84 | 56.76 | 58.64 | 58.75 | 58.92 |



Previous Day Trading Levels

| | Previous Day Trading Levels | | | Today |
|--------|-----------------------------|--------|--------|--------|
| | Opening | High | Low | Latest |
| AUDUSD | 0.7287 | 0.7295 | 0.7254 | 0.7260 |
| EURUSD | 1.1601 | 1.1603 | 1.1582 | 1.1584 |
| GBPUSD | 1.3630 | 1.3635 | 1.3600 | 1.3607 |
| USDJPY | 111.47 | 111.77 | 111.45 | 111.78 |
| USDCHF | 0.9279 | 0.9299 | 0.9281 | 0.9301 |
| USDCNH | 6.45 | 6.45 | 6.44 | 6.45 |

Major Indices

| | Value at Close | Day Change % |
|------------|----------------|--------------|
| DOW JONES | 34,002.92 | 0.92 |
| S&P 500 | 4,345.72 | 1.05 |
| FTSE 100 | 7,077.10 | 0.94 |
| DAX | 15,194.49 | 1.05 |
| CAC 40 | 6,576.28 | 1.52 |
| NIKKEI 225 | 27,335.92 | (1.75) |
| HANGSENG | 24,002.26 | (0.42) |

Major Economic Releases (at GMT)

| Date | Time | Country | Event | Period | Actual | Expected | Prior |
|-------|-------|---------|-----------------------------|--------|--------|----------|-------|
| 5-Oct | 14 00 | US | ISM Services PMI | Sep | 61.9 | 60.0 | 61.7 |
| 6-Oct | 01 00 | NZ | RBNZ Interest Rate Decision | - | 0.5% | 0.5% | 0.25% |
| 6-Oct | 09 00 | EU | Retail Sales (YoY) | Aug | - | 0.4% | 3.1% |
| 6-Oct | 12 15 | US | ADP Employment Change | Sep | - | 428K | 374K |

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 traded higher yesterday, pushing the long-dated 30-year bond to its highest level in three months, extending a climb that has been under way since late September when the Federal Reserve signaled that it could begin tapering its monthly bond purchases by the end of 2021.
- > The recent rise in yields has been blamed partly on fear the Federal Reserve may be forced to hasten the rate of reduction in USD 120 billion in monthly purchases and deliver interest rate increases as inflation has risen faster the forecast.

- > The health of the jobs markets is likely to be the main driver for government debt this week, with data from the Labor Department's monthly report due on Friday. Yields on Tuesday also gained some loft as stocks rebounded from a slump that had been at least partly fueled by declines in large-capitalization stocks.
- > The 10-year US Treasury note rate firmed at 1.528 percent, while the 2-year Treasury note yield strengthened to 0.288 percent. The long bond stood at 2.097 percent yesterday.
- > The MPC meeting of the Bank of Mauritius initially scheduled for tomorrow has been postponed to the 20 October 2021.

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 |

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

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 | 0.2955 | 1.006 |
| UK Bonds | 0.459 | 0.691 |
| German Bonds | -0.689 | -0.536 |

Money Market Rates

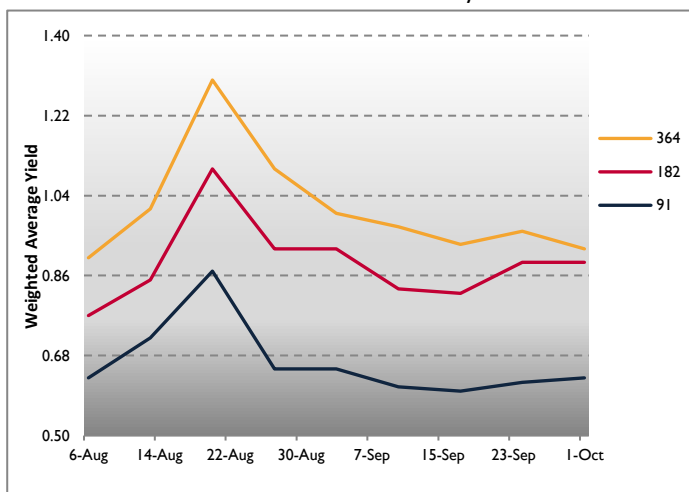
| LIBOR* (%) | 1 Week | 1 Month | 3 Months | 6 Months |
|------------|--------|---------|----------|----------|
| EUR | -0.582 | -0.574 | -0.566 | -0.538 |
| USD | 0.076 | 0.078 | 0.127 | 0.156 |
| GBP | 0.043 | 0.049 | 0.083 | 0.166 |
| EURIBOR | -0.572 | -0.559 | -0.548 | -0.527 |

* LIBOR rates delayed by 48 hours. Source: ICE

Indicative Generic Swap Rates* (%)

| Tenor | 2yr | 5yr | 7yr | 10yr |
|----------------|--------|--------|--------|-------|
| EURIBOR - 3m | -0.455 | -0.215 | -0.058 | 0.161 |
| USD LIBOR - 3m | 0.402 | 1.093 | 1.352 | 1.580 |

*Pay fixed and receive floating swap

Auction Results of Treasury Bills

COMMODITIES
Rolling Gold & Oil Prices


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

News

- > Gold stays depressed around the USD 1,750 zone, pressured by a firmer dollar and rising US Treasury yields. Demand for the yellow metal also receded amid a better performance of equities.
- > Concerns about energy supply and a decision on Monday by the OPEC+ group of producers to stick to a planned output increase rather than raising it further lifted oil prices, with US crude hitting its highest since 2014 and Brent climbing to a three-year high.
- > The American Petroleum Institute (API) reported on Tuesday another surprise build in crude oil inventories of 951,000 barrels for the week ending October 1, against analyst expectations for a loss of 300,000 barrels for the week.

Spot Market

| | Today | Change (\$) |
|----------------------|----------|-------------|
| Brent Crude Oil (\$) | 83.07 | 1.50 |
| Gold (\$) | 1,751.46 | (8.50) |