

FOREIGN EXCHANGE MARKET

News

- > Renewed speculation that the Federal Reserve will pause its tightening cycle in 2019 despite an anticipated rate hike at the meeting next week has kept the dollar in reign.
- > This week, the dollar has been pressured by the inversion in part of the US yield curve, which is usually watched as a signal for predicting recession.
- > A broadly weaker dollar has also helped the pound sterling to trade higher despite concerns about the Brexit vote.
- > The loonie touched its lowest level since June 2017 at 1.3445, as oil and stock prices declined and expectation of more rate hikes in Canada faded.
- > The rand weakened more than 2 percent yesterday after the current account deficit widened in the third quarter, turning investors away from the currency.
- > USD/JPY rocked by stock acrobatics overnight as the Dow lost up to 785 points before climbing its way back. The pair was trading above 112.80 as of writing.
- > The Aussie closed in the red for a fourth consecutive trading day, touching a new three-week low of 0.7191.
- > The US Dollar drops another 5 cents this morning, against the Rupee, with the market now gearing up for the US nonfarm payrolls data this afternoon for investors to gauge the growth of the labour market.

Daily Technical View

EUR/USD - A weaker than expected ADP jobs data and a re-pricing of Fed's rate expectations in 2019 led the EUR to spike to a high of 1.1412 versus the greenback before a late rally in Wall Street enabled the dollar to pare its losses to close at 1.1374. As the year draws to a close we can expect more take-profit in the pair and if the 1.1320 support level holds we may see a move towards 1.1470/1.1500 soon.

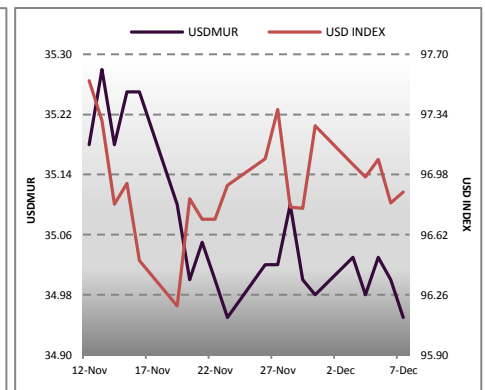
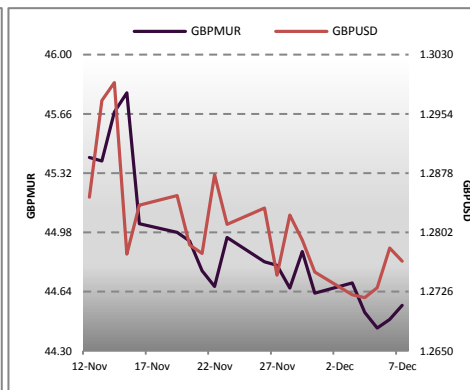
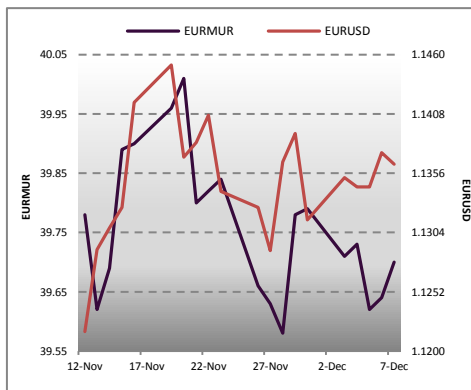
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	24.51	0.01	25.49	0.01
CNYMUR	4.95	0.01	5.20	0.01
EURMUR	38.54	0.05	39.70	0.06
JPYMUR	29.86	(0.10)	31.05	(0.11)
ZARMUR	2.39	(0.02)	2.51	(0.02)
USDMUR	34.05	(0.05)	34.95	(0.05)
GBPMUR	43.26	0.08	44.56	0.08

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	24.52	24.53	24.56	25.54	25.60	25.74
EURMUR	38.65	38.87	39.21	39.84	40.12	40.57
ZARMUR	2.38	2.37	2.33	2.51	2.49	2.47
USDMUR	34.07	34.08	34.10	34.99	35.06	35.16
GBPMUR	43.34	43.49	43.72	44.67	44.89	45.25



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7235	0.7242	0.7219	0.7226
EURUSD	1.1375	1.1386	1.1365	1.1368
GBPUSD	1.2782	1.2810	1.2763	1.2768
USDJPY	112.65	112.92	112.66	112.85
USDCHF	0.9924	0.9935	0.9922	0.9929
USDCNH	6.88	6.89	6.87	6.88

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	25,027.07	(0.32)
S&P 500	2,695.95	(0.15)
FTSE 100	6,704.05	(3.15)
DAX	10,810.98	(3.48)
CAC 40	4,780.46	(3.31)
NIKKEI 225	21,603.05	0.47
HANGSENG	26,173.07	0.06

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
07-Dec	10:00	EU	Gross Domestic Product s.a. (YoY)	Q3	-	-	1.7%
07-Dec	13:30	US	Average Hourly Earnings (YoY)	Nov	-	3.1%	3.1%
07-Dec	13:30	US	Nonfarm Payrolls	Nov	-	205K	250K
07-Dec	13:30	CA	Unemployment Rate	Nov	-	-	5.8%

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

> Uncertainties over negotiations for Britain to exit the European Union and worries over escalating trade tensions between China and the US after the arrest of a top executive of Huawei stoked demand for US government debt.

> The 10-year Treasury note yield fell 4.9 basis points to 2.872 percent, its lowest since August 31, while the 2-year note yield slipped by 5.5 basis points to 2.756 percent and the 30-year bond yield fell by 4 basis points to 3.134 percent.

> Traders also scaled back their expectations on the number of rate hikes the Federal Reserve would implement amid weakening economic data and market volatility.

> Today, the Bank of Mauritius will issue the 91-Day, 182-Day and 364-Day Bank of Mauritius Treasury Bills for a nominal amount of MUR 2,000 Mio.

Market Highlights
Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	3.15	-
2M	3.25	-
3M	3.34	3.19
4M	3.44	-
6M	3.53	3.38
8M	3.57	-
10M	3.61	-
1Y	3.65	3.50

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Local Secondary Market T-Bonds

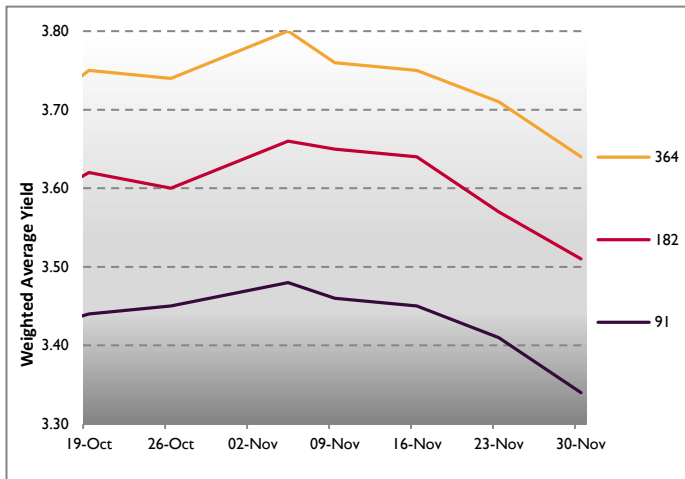
	Bid (%)	Offer (%)
2 year	4.10	3.90
3 year	4.50	4.30
4 Year	4.75	4.55
5 Year	5.20	4.95
10 Year	5.45	5.20
15 year	6.13	5.88
20 Year	6.20	5.95

Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	3.50	3.50
Fed Funds Rate	2.00 - 2.25	2.00 - 2.25
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	2.7641	2.753
UK Bonds	0.717	0.853
German Bonds	-0.613	-0.295

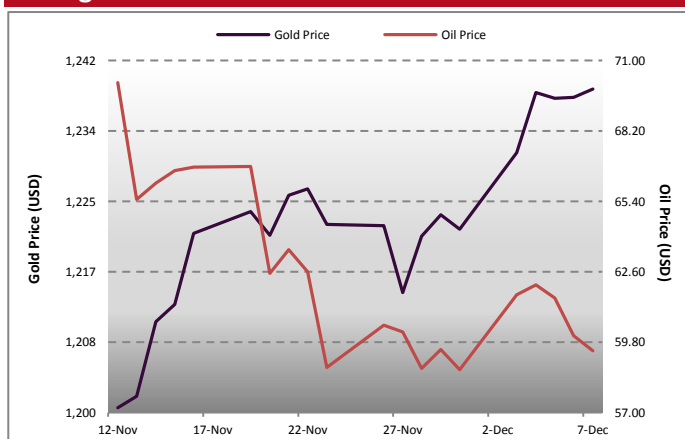
Local Treasury Bills Market

Money Market Rates

LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.438	-0.413	-0.353	-0.326
USD	2.233	2.387	2.767	2.889
GBP	0.708	0.736	0.902	1.021
EURIBOR	-0.379	-0.367	-0.316	-0.246

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.195	0.215	0.475	0.807
USD LIBOR - 3m	2.929	2.872	2.902	2.958

*Pay fixed and receive floating swap

COMMODITIES
Rolling Gold & Oil Prices


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News

> Oil prices fell 3 percent overnight in a choppy trading session sending Brent crude oil prices below USD 60.0 after OPEC ended a key meeting yesterday having made no decision on output as it prepares to debate the matter again today. OPEC members stated that the supply cut will be dependent on Russian support as there is need for a coordinated effort from major producers.

> Gold prices posted shy gains yesterday, touching the USD 1,240 level as pressure came from both sides of the market with US-Sino trade worries intensifying while a weakening US dollar boosting demand in the yellow metal.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	57.87	(3.56)	59.46	(0.60)
Gold (\$)	1,239.14	1.53	1,239.80	1.70