

FOREIGN EXCHANGE MARKET

News

- > The greenback continued this week winning streak and gained broadly in New York session. However, investors remained cautious ahead of Federal Reserve Chairman Powell speech later this Thursday.
- > The EUR/USD pair fell for a third consecutive day and finished the US session at its lowest since January 25, as the greenback maintained its positive momentum, while concerns about the weakening Euro Zone economy were fuelled by soft German data.
- > The GBP/USD recovered slightly after falling to a two-week low of 1.2926 amid reports that the European Union would not reopen the Brexit divorce deal negotiated last year. The Bank of England is scheduled to meet later today and is widely expected to keep interest rates unchanged.
- > The yen was steady against the greenback at 109.91. The dollar has gained around one percent versus the Japanese currency so far this month as global risk sentiment improved leading to a modest rally in global equities.
- > The Australian dollar remained near a two-week low on Thursday, as investors bet that interest rates would most likely be cut this year due to mounting growth risks at home and abroad while the NZD/USD slumped to near two-week low after employment data showed jobs growth in the fourth quarter of 2018 expanding at its slowest pace since Q2 2017.
- > South African rand fell on Wednesday as the dollar settled near a two-week high after US President Donald Trump State of the Union speech failed to surprise currency traders.
- > The USD gains another 3 cents this morning, while the Pound Sterling loses 5 cents against the Rupee, with the UK Interest rate decision due today.

Daily Technical View

EUR/USD - The US dollar gained further momentum as dismal news flow from abroad put a fresh bid under the Greenback. Concerns over the German economy after data showing falling factory orders knocked the euro down from a high of 1.1418 to a low of 1.1355 this morning. Rallies have been mostly short-lived recently and expect sellers to line up ahead of 1.1400/20 intraday. Major support lies at 1.1300/20, ahead of 1.1250/70.

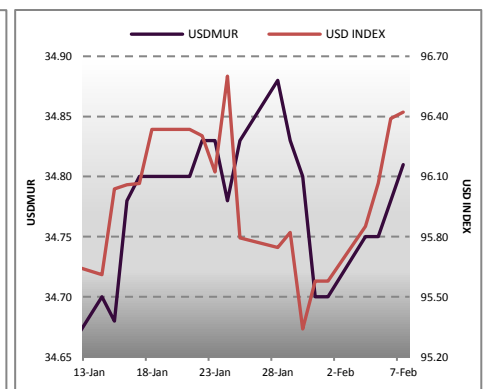
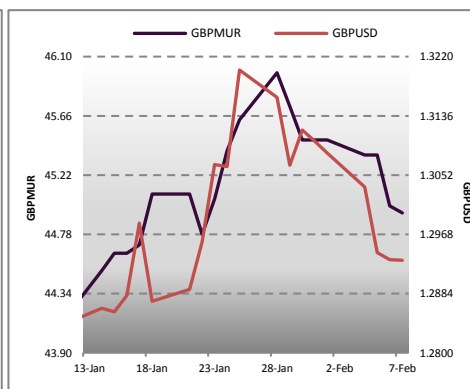
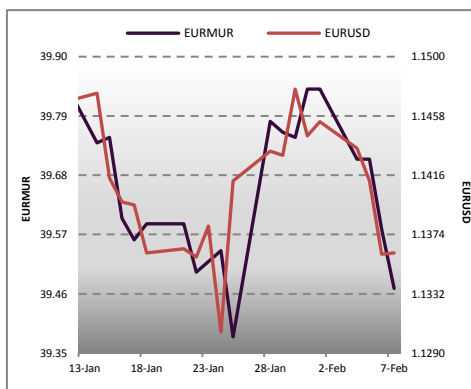
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	23.96	(0.15)	24.92	(0.15)
CNYMUR	5.00	-	5.26	-
EURMUR	38.32	(0.11)	39.47	(0.11)
JPYMUR	30.53	(0.01)	31.75	(0.01)
ZARMUR	2.47	(0.02)	2.59	(0.02)
USDMUR	33.91	0.03	34.81	0.03
GBPMUR	43.63	(0.05)	44.94	(0.05)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	23.96	23.97	23.99	24.95	25.02	25.14
EURMUR	38.42	38.61	38.93	39.59	39.85	40.28
ZARMUR	2.46	2.44	2.41	2.58	2.57	2.55
USDMUR	33.91	33.90	33.91	34.83	34.88	34.97
GBPMUR	43.70	43.82	44.03	45.04	45.23	45.56



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7105	0.7113	0.7096	0.7099
EURUSD	1.1359	1.1374	1.1355	1.1364
GBPUSD	1.2932	1.2959	1.2926	1.2934
USDJPY	109.96	110.03	109.73	109.92
USDCHF	1.0024	1.0028	1.0020	1.0027
USDCNH	6.78	6.78	6.77	6.78

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	25,411.52	(0.08)
S&P 500	2,731.61	(0.22)
FTSE 100	7,173.09	(0.06)
DAX	11,324.72	(0.38)
CAC 40	5,079.05	(0.08)
NIKKEI 225	20,743.37	(0.63)
HANGSENG	27,990.21	0.21

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
07-Feb	12 00	UK	BoE Interest Rate Decision	-	-	0.75%	0.75%
07-Feb	13 30	US	Initial Jobless Claims	Feb	-	227K	253K
08-Feb	13 30	CA	Unemployment Rate	Jan	-	-	5.6%

News

- > Treasury yields were off their intraday lows on Wednesday after an auction for benchmark government paper struggled to attract buyers.
- > The benchmark 10-year Treasury note yield was unchanged at 2.702 percent, after trading as low as 2.673 percent in the morning. The 30-year bond yield was up 0.4 basis point to 3.037 percent.
- > Short-dated maturities also finished near levels seen late last Tuesday, with the 2-year note yield flat at 2.702 percent.
- > The 10-year German government bond yield was at 0.165 percent, while the Italian 10-year yield traded at 2.841 percent.
- > The result of the 5.95 percent Twenty Year Government of Mauritius Bonds for a nominal amount of Mur 1,900 Mio was as follows: out of 18 bids received, only 9 were successful, with a weighted average yield of 6.04 percent.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	3.05	-
2M	3.15	-
3M	3.27	3.12
4M	3.37	-
6M	3.48	3.33
8M	3.53	-
10M	3.58	-
1Y	3.63	3.48

Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	3.95	3.75
3 year	4.15	3.95
4 Year	4.45	4.25
5 Year	4.95	4.70
10 Year	5.50	5.25
15 year	6.10	5.85
20 Year	6.20	5.95

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	2.5223	2.500
UK Bonds	0.731	0.852
German Bonds	-0.555	-0.337

Money Market Rates

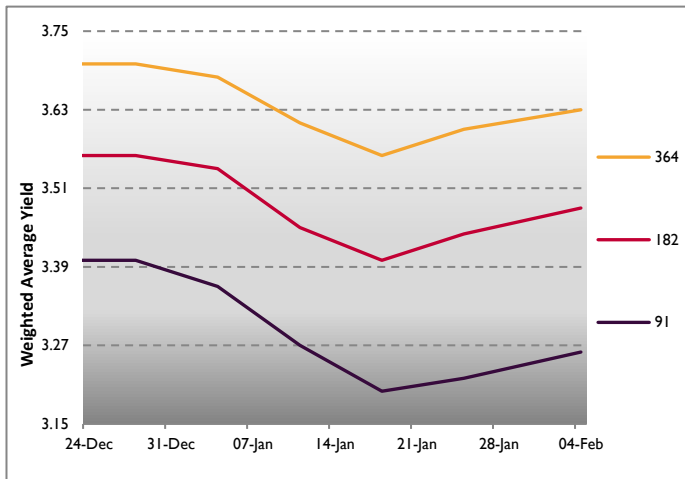
LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.444	-0.422	-0.332	-0.299
USD	2.412	2.513	2.738	2.776
GBP	0.702	0.731	0.903	1.022
EURIBOR	-0.374	-0.368	-0.308	-0.234

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.215	0.085	0.313	0.632
USD LIBOR - 3m	2.667	2.592	2.625	2.711

*Pay fixed and receive floating swap

Local Treasury Bills Market



COMMODITIES

Rolling Gold & Oil Prices



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

News

- > Gold prices continue their slow move to the downside and slipped to an 8-day low yesterday as the US dollar strengthened across the board while China still being on holiday kept some buyers out of the market.
- > Metal traders will be closely watching comments from Fed Chair Powell later this evening for further hints about the outlook for monetary policy in the months ahead.
- > Oil prices posted shy gains overnight on EIA data which showed that crude oil inventories rose by 1.26 million barrels in the week to February 1, while Russia capped any further gains by adding new worries on the promised

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	62.33	0.56	62.46	(0.23)
Gold (\$)	1,304.20	(1.95)	1,302.50	(7.00)