

## FOREIGN EXCHANGE MARKET

### News

- > The greenback slipped against its peers during the Asia session today, as traders placed bearish bets due to rising expectation that the US Federal Reserve would put its policy tightening on pause in 2019. The dollar index, stood at 95.96, down 0.2 percent from an intraday high of 96.16 this morning.
- > The single currency closed the week barely down around 1.1400, recovering from a daily low of 1.1345, this was last achieved following an impressive US employment report. According to the official release, the US added 312K new jobs in December, one of the highest readings of the last decade, while annual wage inflation rose to 3.2 percent.
- > The pound sterling managed to post a modest weekly gain, settling above the 1.2700 level, as soaring equities played against the greenback, while UK data surprised to the upside, with the Markit Services PMI printing 51.2, bouncing from 50.4 in the previous month, although still indicating a subdued end of 2018. The cable ticked marginally higher at USD 1.2752 today.

- > The USD/JPY pair is currently trading at 108.12, having clocked a high of 108.62 in early Asia.
- > The Aussie firmed to 0.7139 against its US counterpart as Asian shares got off to a rousing start today, while a dovish turn by the Federal Reserve and startlingly strong US jobs data soothed some of the market worst fears about the global outlook.
- > The Canadian dollar gained 0.1 percent versus the greenback at CAD 1.3361 due to a rebound in oil prices.
- > The US Dollar starts the week 7 cents lower, on the back of dovish comments from the Federal Reserve Chairman Jerome Powell concerning the future of interest rates.

### Daily Technical View

EUR/USD-A stellar December U.S. jobs data initially sent the EUR/USD to a session low of 1.1347 against the USD on Friday but the pair made an upside reversal to 1.1418 on dovish comments by Fed's Chairman Powell stating that interest rate and balance sheet policy were no longer on auto-pilot. We expect the market to trade on a risk-mode basis today, targeting upside resistance at 1.1460/1.1500 while support is expected to be found at 1.1350/70 levels.

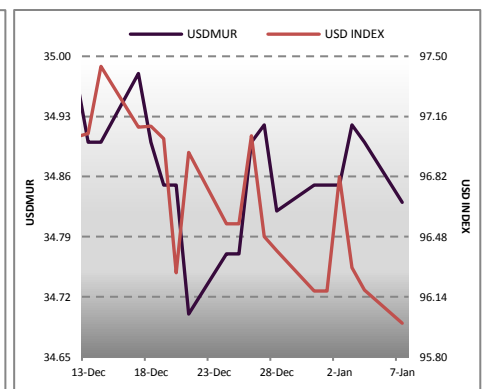
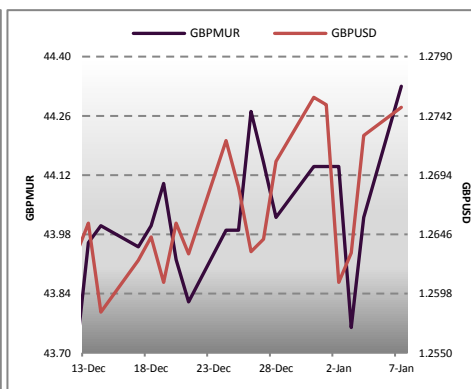
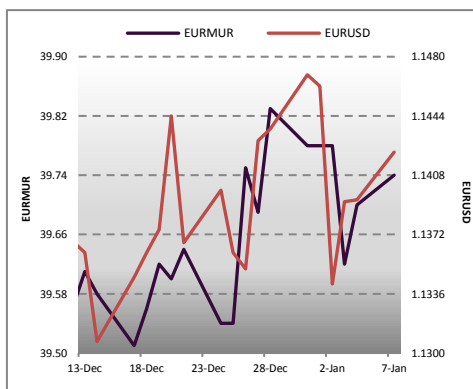
### Market Highlights

#### Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	24.10	0.35	25.06	0.36
CNYMUR	4.95	0.01	5.20	0.01
EURMUR	38.58	0.04	39.74	0.04
JPYMUR	31.08	0.01	32.32	0.01
ZARMUR	2.40	0.05	2.52	0.05
USDMUR	33.93	(0.07)	34.83	(0.07)
GBPMUR	43.04	0.30	44.33	0.31

#### Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	24.11	24.12	24.15	25.11	25.17	25.30
EURMUR	38.69	38.91	39.25	39.88	40.16	40.61
ZARMUR	2.39	2.38	2.34	2.51	2.50	2.48
USDMUR	33.95	33.96	33.98	34.87	34.94	35.04
GBPMUR	43.12	43.27	43.50	44.44	44.66	45.01



#### Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7107	0.7138	0.7110	0.7135
EURUSD	1.1390	1.1430	1.1393	1.1424
GBPUSD	1.2727	1.2751	1.2719	1.2749
USDJPY	108.53	108.74	108.04	108.23
USDCHE	0.9857	0.9868	0.9840	0.9843
USDCNH	6.86	6.87	6.85	6.85

#### Today

#### Major Indices

	Value at Close	Day Change %
DOW JONES	22,686.22	3.29
S&P 500	2,531.94	3.43
FTSE 100	6,837.42	2.16
DAX	10,767.69	3.37
CAC 40	4,737.12	2.72
NIKKEI 225	20,095.43	2.73
HANGSENG	25,835.59	0.82

### Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
04-Jan	10:00	EU	Consumer Price Index - Core (YoY)	Dec	1%	1%	1%
04-Jan	13:30	US	Nonfarm Payrolls	Dec	312K	177K	176K
04-Jan	13:30	US	Average Hourly Earnings (YoY)	Dec	3.2%	3.0%	3.1%
04-Jan	13:30	US	Unemployment Rate	Dec	3.9%	3.7%	3.7%

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**

- > Treasury yields surged on Friday, trimming their weeklong decline, after the jobs report showed that the US labour market remained healthy despite the growing pessimism over the economy's fortunes.
- > The Bureau of Labour Statistics announced that the US economy had added 312,000 jobs in December. The stronger-than-expected jobs number could alleviate fear the US economy is at risk of slipping into a recession over the next two years. Investors firmly believe that continued employment gains could elicit further rate increases from the Federal Reserve in 2019.

- > The benchmark US 10-year Treasury note yield gained 10.4 basis points to 2.661 percent, marking its biggest daily rise since November 2016.
- > The result of the 182-Day government of Mauritius Treasury Bills for a nominal amount of MUR 900 Mio was as follows: out of 7 bids received, 3 were successful, with a weighted average yield of 3.54 percent.
- > As for the 91-Day and 364-day Bank of Mauritius Treasury Bills for an aggregate nominal amount of MUR 800 Mio, the weighted average yields were published at 3.36 percent and 3.68 percent respectively.

**Market Highlights**

**Local Secondary Market T-Bills**

	Bid (%)	Offer (%)
1M	3.15	-
2M	3.25	-
3M	3.36	3.21
4M	3.45	-
6M	3.54	3.39
8M	3.59	-
10M	3.63	-
1Y	3.68	3.53

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

**Local Secondary Market T-Bonds**

	Bid (%)	Offer (%)
2 year	4.10	3.90
3 year	4.40	4.20
4 Year	4.75	4.55
5 Year	5.10	4.85
10 Year	5.50	5.25
15 year	6.13	5.88
20 Year	6.20	5.95

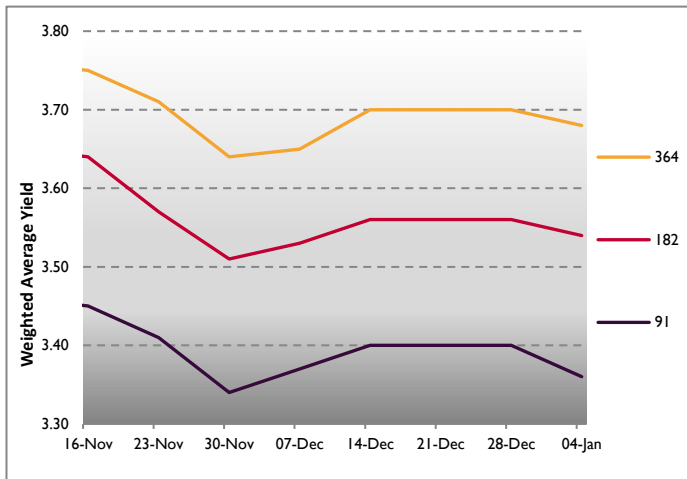
**Key Central Bank Rates**

	Current Level (%)	Previous (%)
BOM Repo Rate	3.50	3.50
Fed Funds Rate	2.25 - 2.50	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	2.4958	2.497
UK Bonds	0.75	0.898
German Bonds	-0.613	-0.309

**Local Treasury Bills Market**



**Money Market Rates**

LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.440	-0.419	-0.345	-0.299
USD	2.410	2.521	2.804	2.856
GBP	0.704	0.730	0.905	1.031
EURIBOR	-0.373	-0.363	-0.309	-0.237

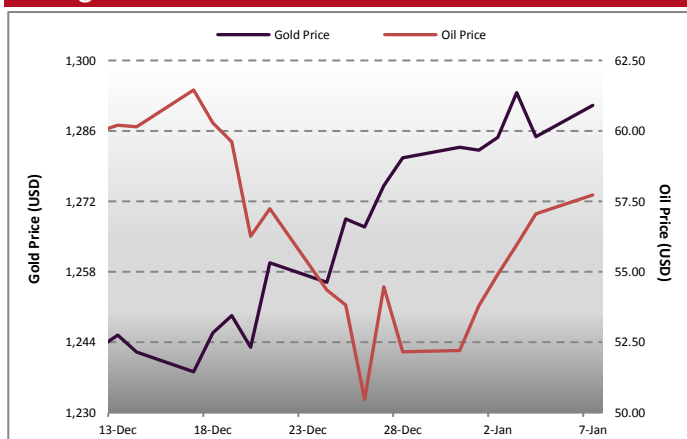
**Indicative Generic Swap Rates\* (%)**

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.224	0.134	0.401	0.749
USD LIBOR - 3m	2.651	2.564	2.606	2.699

\*Pay fixed and receive floating swap

**COMMODITIES**

**Rolling Gold & Oil Prices**



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

**News**

- > The oil market starts the week on a positive note this morning with both benchmarks, the WTI and Brent trading higher by 1.5 percent and 1.2 percent respectively, on hopes that the trade war between the US and China could soon be resolved.
- > Crude oil prices were also supported by the production limits promised by the OPEC, and its non-members as well, in their last meeting in December where a cut of 1.2 million barrels per day was agreed.
- > Gold prices posted losses on Friday and pulled back from the intraday high of USD 1,298, after a higher than expected jobs numbers in the US increased the chance of the Federal Reserve hiking rates this year.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	55.25	2.12	57.82	0.76
Gold (\$)	1,291.13	6.30	1,282.70	(9.10)