

## FOREIGN EXCHANGE MARKET

### News

- > The US dollar struggled to find clear direction during Wednesday's trading session. Choppiness looked largely driven by confirmation of a democratic sweep, a sharp rise in US Treasury yields and disconcerting developments on Capitol Hill.
- > Minutes of the December FOMC meeting revealed that the Federal Reserve was nearly unanimous in its decision last month to leave its bond-buying program unchanged.
- > EUR/USD jumped to fresh multi-year highs above the 1.2340 level on Wednesday on rising expectation for bigger fiscal stimulus under the Democrat-controlled Senate.
- > GBP/USD is attempting a recovery bounce above the 1.36 handle after it took a hit as risk sentiment turned sour on growing US political tensions after the Capitol Hill attack.
- > USD/JPY dipped below 103 but later recovered on better risk sentiment after the Capitol Hill drama.
- > AUD/USD slipped below the 0.78 level amid US political tensions and lower Australian trade surplus figure.
- > The South African rand weakened for a third day in a row on Wednesday as speculation over further lockdown restrictions weighed on sentiment.
- > The USD/MUR sheds 5 cents this morning, with the single currency still trading above the 1.2300 handle this morning.

### Daily Technical View

EUR/USD-The EUR traded to a fresh year high of 1.2349 against the USD, underpinned by the Democrat party sweep at the Georgia runoff elections which gave them control of the Senate. In Asia this morning the EUR was trading near the year's high despite chaotic scenes in the US, with protesters invading Capitol Hill thereby delaying the certification of Joe Biden Presidential victory, as investors bet on more US fiscal stimulus that will pressure the greenback. No change in view we expect the intra-day trading range to be 1.2250-1.2375 and on the wide 1.2200-1.2415.

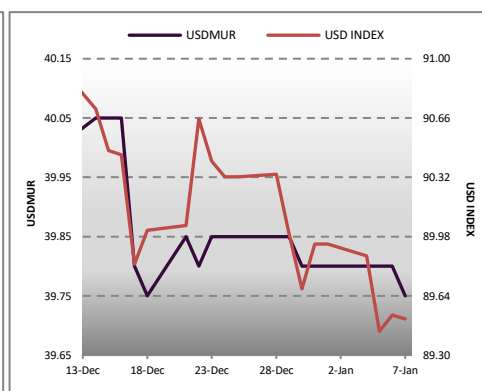
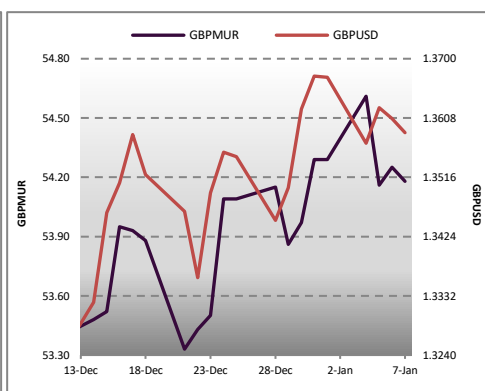
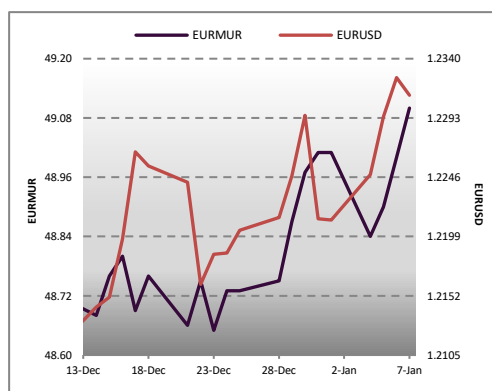
### Market Highlights

#### Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.15	0.13	31.36	0.14
CNYMUR	6.02	(0.01)	6.33	(0.01)
EURMUR	47.67	0.10	49.10	0.10
JPYMUR	37.30	(0.17)	38.79	(0.18)
ZARMUR	2.54	-	2.71	-
USDMUR	38.85	(0.05)	39.75	(0.05)
GBPMUR	52.60	(0.07)	54.18	(0.07)

#### Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.14	30.12	30.10	31.38	31.44	31.51
EURMUR	47.66	47.63	47.58	49.15	49.25	49.42
ZARMUR	2.52	2.49	2.39	2.71	2.70	2.68
USDMUR	38.83	38.78	38.69	39.77	39.81	39.88
GBPMUR	52.59	52.56	52.49	54.21	54.27	54.37



#### Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7801	0.7817	0.7783	0.7786
EURUSD	1.2325	1.2345	1.2312	1.2315
GBPUSD	1.3606	1.3633	1.3573	1.3592
USDJPY	103.02	103.24	102.96	103.20
USDCHF	0.8782	0.8796	0.8775	0.8798
USDCNH	6.45	6.45	6.44	6.44

#### Major Indices

	Value at Close	Day Change %
DOW JONES	30,391.60	1.44
S&P 500	3,748.14	0.57
FTSE 100	6,841.86	3.47
DAX	13,891.97	1.76
CAC 40	5,630.60	1.19
NIKKEI 225	27,558.00	1.86
HANGSENG	27,548.91	(0.52)

### Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
6-Jan	13 00	DE	Harmonized Index of Consumer Prices	Dec	-0.7%	-0.6%	-0.7%
7-Jan	00 30	AU	Trade Balance (MoM)	Nov	5022 M	6200 M	6583 M
7-Jan	10 00	EU	Retail Sales (YoY)	Nov	-	0.8%	4.3%
7-Jan	15 00	US	ISM Services PMI	Dec	-	54.5	55.9

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**

- > US Treasury yields surged after early voting indicated Democrats were on track to win both Senate seats in Georgia and thus control of Congress, an outcome that would give the Biden administration more room to enact his policy agenda.
- > Preliminary voting results show Raphael Warnock won one of two Senate runoffs in Georgia early yesterday, bringing Democrats a seat closer to a Senate majority. Also with 98 percent of the expected vote total reported, Democratic challenger Mr. Jon Ossoff was leading Republican Senator Mr. David Perdue by just 0.4 percentage point.

- > With control of the Senate in sight, Democratic lawmakers may now have more scope to pass more aggressive fiscal measures that could weigh on the bond market through increased debt issuance and higher inflation expectations, according to analysts.
- > The 10-year US Treasury note yield traded at a March high of 1.041 percent, 8.6 basis points higher than in the previous day, while the 2-year note rate gained 2.2 basis points, trading at 0.143 percent.
- > Tomorrow, the Bank of Mauritius will issue the 182-Day Government of Mauritius Treasury Bills for a nominal amount of MUR 1,000 Mio as well as the 91-Day and 364-Day Bank of Mauritius Treasury Bills for a nominal amount of MUR 2,500 Mio.

**Market Highlights**
**Local Secondary Market T-Bills**

	Bid (%)	Offer (%)
1M	0.30	0.15
2M	0.30	0.15
3M	0.30	0.15
4M	0.32	0.17
6M	0.35	0.20
8M	0.38	0.23
10M	0.42	0.27
1Y	0.45	0.30

[Click here to access our Mauritian Bond Market page](#)
**Local Secondary Market T-Bonds**

	Bid (%)	Offer (%)
2 year	1.00	0.80
3 year	1.30	1.10
4 Year	1.35	1.15
5 Year	1.55	1.30
10 Year	2.35	2.10
15 year	2.80	2.55
20 Year	3.10	2.85

**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	0.25	0.25

**Government Benchmark Yields (%)**

	2 Year	5 Year
US Bonds	0.1408	0.432
UK Bonds	-0.131	-0.08
German Bonds	-0.703	-0.732

**Money Market Rates**

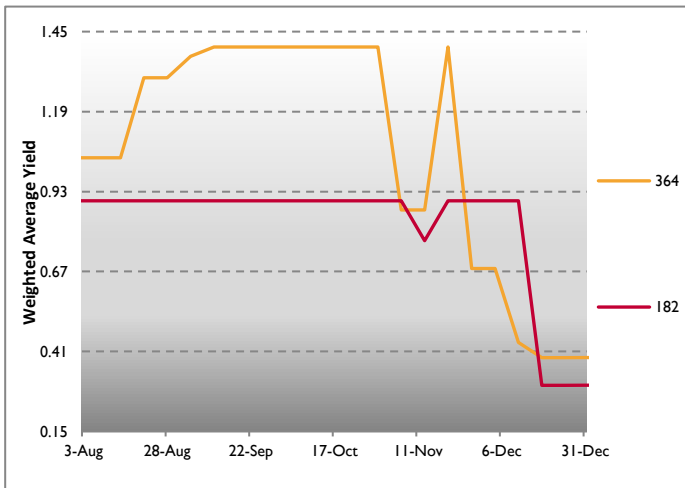
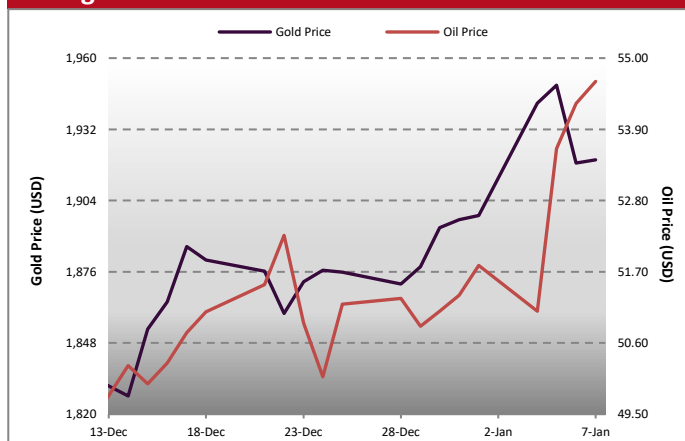
LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.576	-0.590	-0.559	-0.532
USD	0.103	0.131	0.237	0.254
GBP	0.033	0.026	0.026	0.030
EURIBOR	-0.573	-0.573	-0.552	-0.524

\* LIBOR rates delayed by 48 hours. Source: ICE

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

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.554	-0.488	-0.413	-0.272
USD LIBOR - 3m	0.221	0.502	0.734	1.039

\*Pay fixed and receive floating swap

**Auction Results of Treasury Bills**

**COMMODITIES**
**Rolling Gold & Oil Prices**


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**News**

- > The precious metal took a spill on Wednesday, hitting a low of USD 1,900.70 an ounce after touching a near two-month high of 1,959.01, as a surge in US Treasury yields bolstered the greenback, and triggered a sell-off in gold.
- > Oil prices soared to their highest level since 26th February 2020, propped up by a statement from Saudi Arabia and a significant drop in US crude stocks.
- > Saudi Arabia announced a large voluntary output cut of one million barrels per day in February and March following OPEC+ meeting earlier this week.

**Spot Market**

	Today	Change (\$)
Brent Crude Oil (\$)	54.52	1.71
Gold (\$)	1,921.52	2.71