

FOREIGN EXCHANGE MARKET

News

- > The greenback retained its strength following the release of the US Nonfarm Payroll report, which showed that in August, the country recovered 1.37 million jobs, slightly below the 1.4 million expected. The unemployment rate, however, improved to 8.4 percent much better than the previous 10.2 percent. The US market is closed today for the Labour Day holiday.
- > EUR/USD held above 1.1800 but remained under selling pressure while focus this week will be on European Central Bank policy decision on Thursday.
- > The GBP/USD weakened to 1.3175 on Friday as the pound was hit by a worse-than-expected August Construction PMI, which resulted in 54.6 in August from 58.1 in July. Also, comments from BOE MPC Michael Saunders pressured the UK currency, as he stated that further monetary easing might be needed to support the economy.

- > The USD/JPY pair surged to 106.50 on USD strength as well as rally in US Treasury yields before retreating to 106.18 on profit taking.
- > AUD/USD remains directionless in Asian trade this morning even as China August month trade numbers came out better than forecast.
- > The Canadian dollar rose against the US dollar as the market reacted to the higher crude oil prices and the better-than-expected jobs data from Canada.
- > South African rand firmed to 16.6050 per dollar on Friday after jobs growth slowed in the US.
- > The USD/MUR opens at the same levels as Friday, with the single currency maintaining the trading levels of 1.1840 this morning and data on the local market hinting at an excess in demand with the market trading short by approximately USD 8.2 Mio on the supply side as at last Thursday.

Daily Technical View

EUR/USD - A volatile session on Friday saw the EUR trading to a session low of 1.1782 against the USD after the release of upbeat August US employment data but it erased its losses to recover towards 1.1850 after US stocks rallied after its initial sell-off. As the US is closed for the labour Day holiday, trading is expected to be contained in a 1.1800-65 range, and on the wide 1.1750-1.1915.

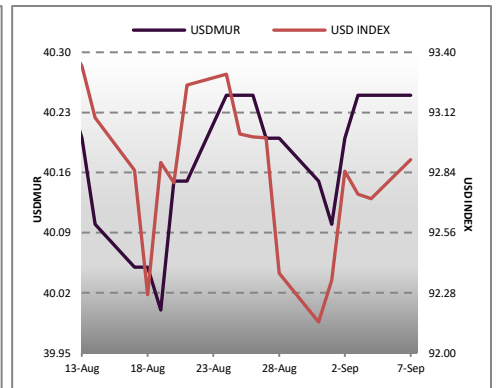
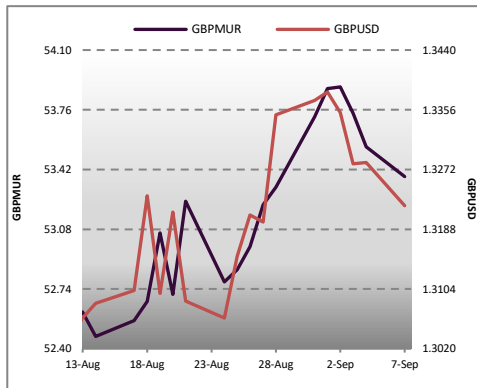
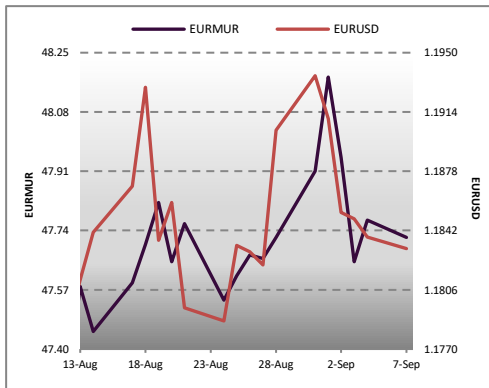
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	28.52	0.06	29.66	0.06
CNYMUR	5.75	0.01	6.04	0.01
EURMUR	46.33	(0.05)	47.72	(0.05)
JPYMUR	36.65	(0.03)	38.12	(0.03)
ZARMUR	2.33	0.02	2.48	0.02
USDMUR	39.35	-	40.25	-
GBPMUR	51.83	(0.16)	53.38	(0.17)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	28.53	28.57	28.63	29.71	29.81	29.97
EURMUR	46.42	46.61	46.88	47.83	48.09	48.48
ZARMUR	2.32	2.30	2.26	2.47	2.46	2.43
USDMUR	39.35	39.36	39.38	40.27	40.33	40.44
GBPMUR	51.88	51.98	52.13	53.45	53.63	53.90



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7281	0.7298	0.7274	0.7281
EURUSD	1.1831	1.1848	1.1829	1.1829
GBPUSD	1.3272	1.3283	1.3209	1.3213
USDJPY	106.26	106.38	106.22	106.33
USDCHF	0.9129	0.9145	0.9130	0.9147
USDCNH	6.83	6.84	6.83	6.83

Major Indices

	Value at Close	Day Change %
DOW JONES	28,292.73	(0.56)
S&P 500	3,426.96	(0.81)
FTSE 100	5,799.08	(0.88)
DAX	12,842.66	(1.40)
CAC 40	4,965.07	(0.89)
NIKKEI 225	23,128.75	(0.33)
HANGSENG	24,674.60	(0.08)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
4-Sep	00 30	AU	Retail Sales s.a. (MoM)	Jul	3.2%	3.3%	3.3%
4-Sep	12 30	US	Nonfarm Payrolls	Aug	1371K	1400K	1734K
8-Sep	09 00	EU	Gross Domestic Product s.a. (QoQ)	Q2	-	-12.1%	-12.1%
9-Sep	01 30	CN	Consumer Price Index (YoY)	Aug	-	2.4%	2.7%

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

- > US Treasury yields ticked higher on Friday after the August official employment report showed more job gains and a sharper drop in the jobless rate than expected, easing concerns that the labour market recovery was in danger of stalling.
- > The bond market came under intense pressure after the Labour Department reported the US economy had added 1.37 million jobs in August, above the 1.2 million expected. The unemployment rate tumbled to 8.4 percent from 10.2 percent. The recovery in the labour market is seen pushing longer-term yields higher as they are the maturities most sensitive to economic growth and inflation expectations.
- > The US bond market will be closed today in observance of the Labour Day holiday.

- > The 10-year Treasury note yield gained 9.9 basis points to trade at 0.720 percent, marking its biggest daily jump since May 18. Meanwhile, the 2-year note rate strengthened to 0.149 percent. The 30-year bond yield firmed to 1.468 percent.
- > During the last week, the Bank of Mauritius received applications for 182-Day Government of Mauritius Treasury Certificates, for a total amount of MUR125 Mio at an interest rate of 1.10 percent.
- > For the second issue of the 364-Day Bank of Mauritius Treasury Bills, the auction was successful with the security allocated in two tranches. The total amount of bids received for the security amounted to MUR 16,600 with the allocated amount amounting to MUR 9,950 Mio out of the MUR 3,500 Mio initially auctioned. The published weighted average yield was held at 1.37 percent for both tranches.

Market Highlights
Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	0.55	0.40
2M	0.60	0.45
3M	0.65	0.50
4M	0.70	0.55
6M	0.85	0.70
8M	1.00	0.85
10M	1.15	1.00
1Y	1.30	1.15

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

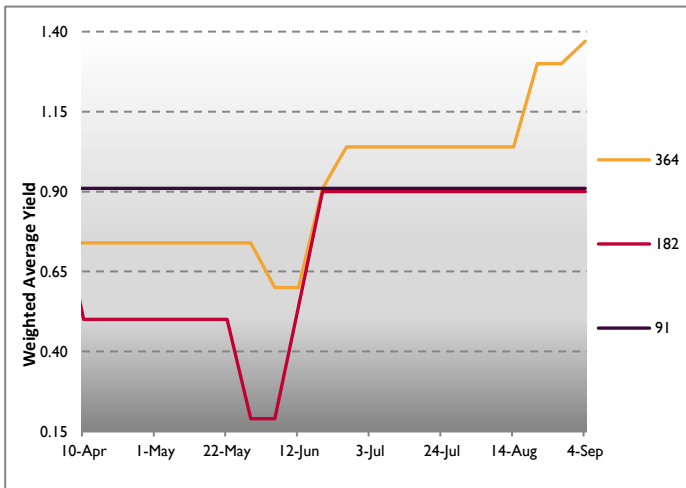
	Bid (%)	Offer (%)
2 year	1.70	1.50
3 year	1.85	1.65
4 Year	2.00	1.80
5 Year	2.20	1.95
10 Year	2.60	2.35
15 year	2.90	2.65
20 Year	3.20	2.95

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	0.1468	0.301
UK Bonds	-0.079	-0.04
German Bonds	-0.707	-0.698

Local Treasury Bills Market

Money Market Rates

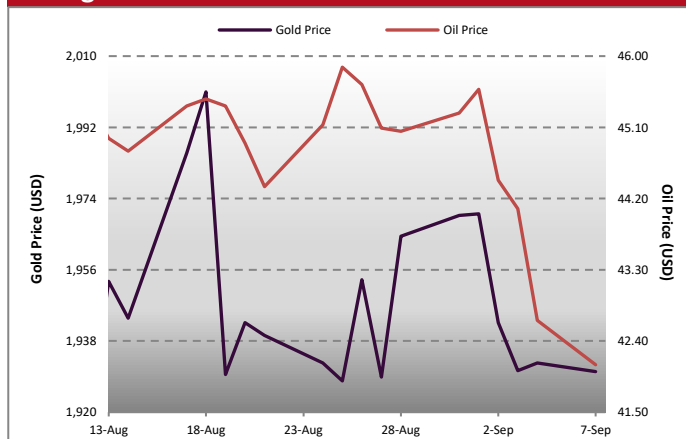
LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.555	-0.545	-0.507	-0.485
USD	0.110	0.154	0.248	0.292
GBP	0.060	0.054	0.067	0.122
EURIBOR	-0.532	-0.512	-0.480	-0.455

* LIBOR rates delayed by 48 hours. Source: ICE

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.507	-0.462	-0.304	-0.078
USD LIBOR - 3m	0.230	0.350	0.500	0.711

*Pay fixed and receive floating swap

COMMODITIES
Rolling Gold & Oil Prices


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News

- > Oil prices hit their lowest levels since July following deep price cuts by Saudi Arabia on reduced optimism about demand recovery amid the coronavirus pandemic. Prices were also weighed down by report showing a further slowdown in US job growth in August.
- > Spot gold rebounded this morning after falling sharply to a one-week low of USD 1,916.24 on Friday, as the correlation of the yellow metal with the US dollar has been elevated.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	40.73	(1.01)
Gold (\$)	1,931.06	(1.39)