

FOREIGN EXCHANGE MARKET

News

- > The US Dollar traded higher against all of the major currencies on Thursday as months of US political uncertainty finally settled. The clash at the Capitol was brushed aside by investors who now focus on the much improved chances for increased stimulus this year.
- > US employment data, including Nonfarm Payrolls, which are due today, will be the next major catalyst on the market.
- > EUR/USD slide lower as a rise in US Treasury yields triggered some unwinding of bearish bets on the US currency.
- > GBP/USD stays depressed, even as the US dollar trims its latest gains, as the Covid-19 woes remain dominant in the UK.
- > USD/JPY inched up with Tokyo entering a state of emergency on Thursday and prospect of expanding coronavirus state of emergency if needed.
- > The AUD/USD pair recovered as the US dollar retreats on optimism over the coronavirus vaccine. However, Australia rising Covid-19 concerns could cap the upside.
- > Loss in the USD/CAD pair was capped as higher oil prices provided some support the loonie.
- > The South African rand has weakened for five straight days as the country contends with more infectious strain of the coronavirus, surging infections and difficulties in procuring vaccine.
- > The USD/MUR gains 10 cents this morning on the offer to trade at MUR 39.85/USD, with the single currency under pressure since yesterday, trading below the 1.2300 handle.

Daily Technical View

EUR/USD - The greenback strengthened across the board yesterday on profit-taking and on hopes of a significant economic recovery later this year. EUR/USD was heavily under pressure trading as low as 1.2233 from a high of 1.2340. The pair is trading around 1.2265 levels this morning, ahead of the 1.2200/20 key support area. Only a clear break below that would open doors to 1.2130 level. Intraday resistance lies at 1.2300/20, while 1.2350/70 should cap any further upside.

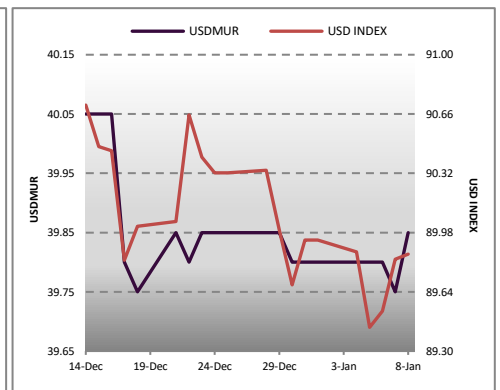
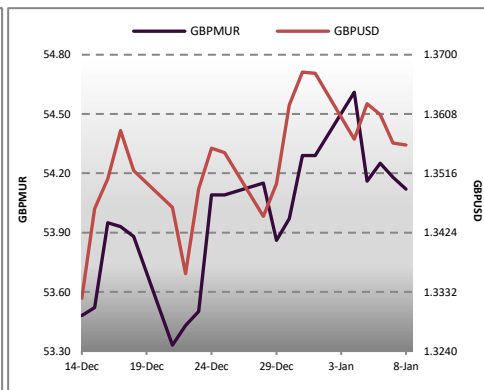
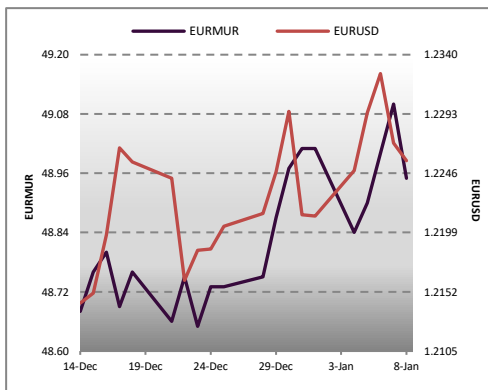
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	30.08	(0.07)	31.28	(0.08)
CNYMUR	6.02	-	6.33	-
EURMUR	47.52	(0.15)	48.95	(0.15)
JPYMUR	37.13	(0.17)	38.62	(0.17)
ZARMUR	2.48	(0.06)	2.64	(0.07)
USDMUR	38.95	0.10	39.85	0.10
GBPMUR	52.54	(0.06)	54.12	(0.06)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	30.07	30.05	30.02	31.30	31.36	31.42
EURMUR	47.51	47.48	47.43	49.00	49.10	49.27
ZARMUR	2.46	2.43	2.38	2.64	2.63	2.63
USDMUR	38.93	38.88	38.79	39.87	39.91	39.98
GBPMUR	52.53	52.50	52.43	54.15	54.21	54.31



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7762	0.7776	0.7740	0.7770
EURUSD	1.2271	1.2272	1.2236	1.2261
GBPUSD	1.3563	1.3572	1.3539	1.3563
USDJPY	103.77	103.99	103.78	103.91
USDCHF	0.8851	0.8872	0.8849	0.8857
USDCNH	6.47	6.48	6.46	6.46

Major Indices

	Value at Close	Day Change %
DOW JONES	30,829.40	0.69
S&P 500	3,803.79	1.48
FTSE 100	6,856.96	0.22
DAX	13,968.24	0.55
CAC 40	5,669.85	0.70
NIKKEI 225	28,000.16	1.86
HANGSENG	27,778.13	0.83

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
7-Jan	10 00	EU	Retail Sales (YoY)	Nov	-2.9%	0.8%	4.2%
7-Jan	15 00	US	ISM Services PMI	Dec	57.2	54.6	55.9
8-Jan	13 30	US	Nonfarm Payrolls	Dec	-	71K	245K
8-Jan	13 30	CA	Unemployment Rate	Dec	-	8.6%	8.5%

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

FIXED INCOME

News

- > US Treasury yields edged higher yesterday, as investors monitored the prospects of additional fiscal easing under the incoming administration of President-elect Joe Biden.
- > Markets shrugged off riots in Washington DC on Wednesday, while Lawmakers returned to Capitol Hill to ratify the election results, certifying President-elect Joe Biden's victory early Thursday.
- > For market players, the win by Democrats on Wednesday in the runoff elections for two US Senate seats, giving them control of Congress, raised the prospect of more generous fiscal stimulus measures and the issuance of more government debt.

- > Extra fiscal stimulus to boost the economic recovery from the coronavirus pandemic may result in inflation rising and holders of Treasury inflation-protected securities now anticipate growth in consumer prices to average 2.10 percent over the next decade, above the central bank target of 2 percent.
- > The 10-year US Treasury note yield firmed to 1.070 percent, its highest since March 19, while the 2-year note stood at 0.139 percent.
- > 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

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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

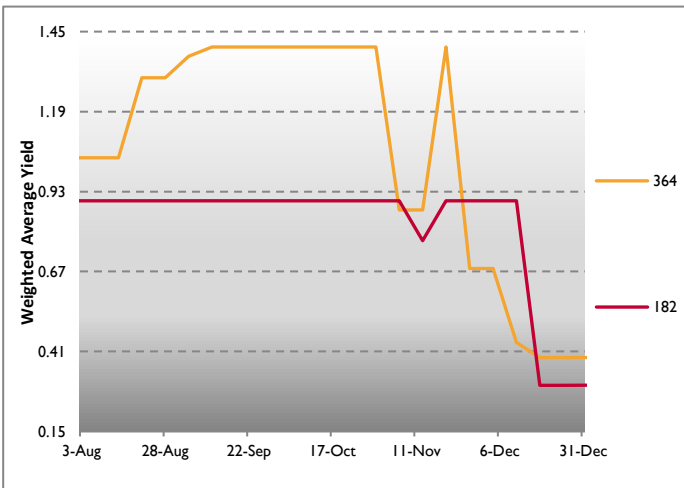
Key Central Bank Rates

	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	0.471
UK Bonds	-0.108	-0.047
German Bonds	-0.703	-0.733

Auction Results of Treasury Bills



Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.579	-0.591	-0.567	-0.536
USD	0.103	0.132	0.234	0.252
GBP	0.035	0.027	0.027	0.031
EURIBOR	-0.563	-0.567	-0.556	-0.530

* LIBOR rates delayed by 48 hours. Source: ICE

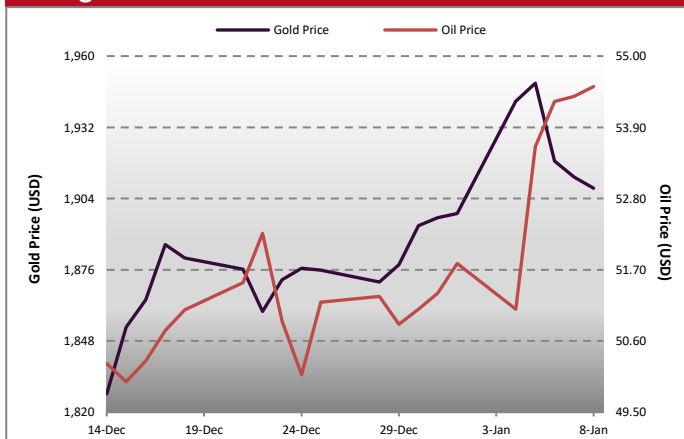
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.534	-0.476	-0.396	-0.252
USD LIBOR - 3m	0.236	0.548	0.810	1.102

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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News

- > The strong greenback along with higher US Treasury yields added pressure to gold, with prices falling as much as 2.5 percent yesterday following a rally to a 2-month high during the previous session. However, hopes for larger stimulus measures in the US provided some support to the yellow metal, as Democrats won US Senate control.
- > Benchmark oil prices rallied yesterday, with Brent crude hitting its highest level in eleven months while US WTI touched a session peak of USD 51.28. Support came broadly from higher equities as well as the surprise promise by Saudi Arabia to cut production further in February and March. Gains were however capped by concerns over demand for fuel amid re-imposed lockdowns in several parts of the world.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	54.24	(0.27)
Gold (\$)	1,909.28	(3.21)