

FOREIGN EXCHANGE MARKET

News

- > The US dollar rose on Tuesday, rebounding from a nearly three-month low amid expectation of a pause in the US rate hike cycle, as investors focused on the risk of a euro zone recession after data showed more signs of slowing in the region. However, the greenback eased against some of its peers this morning as hopes of progress in the China and US trade dispute boosted commodity-linked and riskier currencies.
- > The EUR/USD fell to 1.1422 on renewed USD strength along with a weaker-than-expected German industrial output data.
- > The GBP/USD dropped to 1.2704 as investors remained cautious if UK PM May could get her Brexit deal approved by Parliament. The British Parliament is due to vote on Prime Minister Theresa May Brexit agreement on January 15.
- > The AUD/USD rose to a three-week high of 0.7172 in early trading on growing optimism that China and the United States may be inching toward a trade deal.
- > The South African rand weakened on Tuesday as the dollar recovered following a recent slump.
- > The Canadian dollar strengthened to a one-month high against the greenback on Tuesday as hopes of a trade deal between the United States and China boosted investor sentiment ahead of an interest rate decision from the Bank of Canada.
- > The US Dollar maintains its fall this morning, losing another 3 cents against the Rupee ahead of the FOMC minutes due later this evening.

Daily Technical View

EUR/USD- Despite a contraction in German industrial production the pair remained in a tight 1.1420-1.1470 range, with investors cautious to make big calls amid an uncertain economic environment. The re-assessment of the Fed's monetary policy, on-going China-US trade negotiations and next week Brexit deal vote in the UK parliament are likely factors that are keeping a broad 1.1345-1.1500 side-ways range for now. Intra-day as long as 1.1400/15 holds the downside another upside try towards 1.1485/1.1515 looks likely.

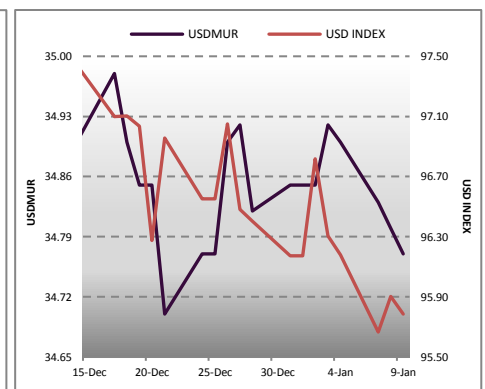
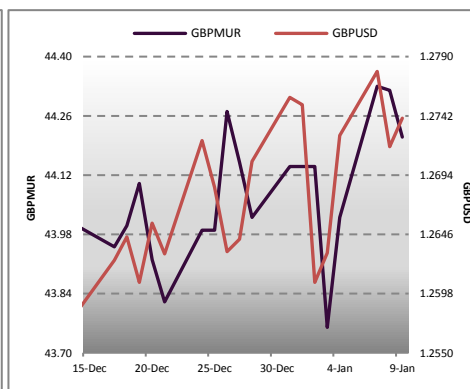
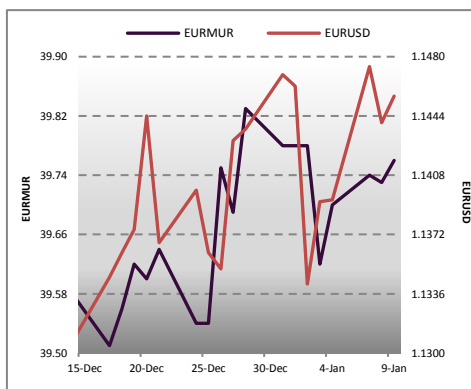
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	24.12	0.08	25.08	0.08
CNYMUR	4.95	0.02	5.20	0.02
EURMUR	38.60	0.03	39.76	0.03
JPYMUR	30.78	(0.03)	32.01	(0.03)
ZARMUR	2.39	(0.01)	2.51	(0.01)
USDMUR	33.87	(0.03)	34.77	(0.03)
GBPMUR	42.92	(0.11)	44.21	(0.11)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	24.13	24.14	24.17	25.13	25.19	25.32
EURMUR	38.71	38.93	39.27	39.90	40.18	40.63
ZARMUR	2.38	2.37	2.33	2.51	2.49	2.47
USDMUR	33.89	33.90	33.92	34.81	34.88	34.98
GBPMUR	43.00	43.15	43.38	44.32	44.54	44.89



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7138	0.7171	0.7135	0.7158
EURUSD	1.1442	1.1466	1.1436	1.1459
GBPUSD	1.2716	1.2749	1.2712	1.2740
USDJPY	108.73	108.99	108.68	108.89
USDCHE	0.9810	0.9820	0.9802	0.9820
USDCNH	6.85	6.85	6.84	6.84

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	23,531.35	1.09
S&P 500	2,574.41	0.97
FTSE 100	6,861.60	0.74
DAX	10,803.98	0.52
CAC 40	4,773.27	1.15
NIKKEI 225	20,474.60	1.34
HANGSENG	26,509.60	2.45

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
09-Jan	15 00	CA	BoC Interest Rate Decision	-	-	1.75%	1.75%
09-Jan	19 00	US	FOMC Minutes	-	-	-	-
10-Jan	12 30	EU	ECB Monetary Policy Meeting Accounts	-	-	-	-
10-Jan	13 30	US	Initial Jobless Claims	Jan	-	225K	231K

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

- > Treasury prices retreated yesterday, pushing yields higher, as the upbeat tone in stocks undercut the lustre for haven assets.
- > Stocks extended their strong start to the year following the second session of trade talks between the US and China. Negotiations are set to continue to Wednesday as President Donald Trump praised the progress made during the meetings in a tweet on yesterday.
- > Investors are hoping a trade deal will be struck before the March 2 deadline, when tariffs on USD 200 billion of imports will be raised to 25 percent from 10 percent. The S&P 500 SPX, and the Dow Jones Industrial Average finished up for the third day in a row.

- > The US 2-year note yield gained advanced 6.1 basis points to 2.585 percent, contributing to a three-day yield climb of 20 basis points. That marks its largest such rise since June 2009.
- > Today, the Bank of Mauritius will issue the 5.10 percent Benchmark 5-Year Government of Mauritius Bonds for a nominal amount of Mur 2,000 Mio.

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	2.5795	2.573
UK Bonds	0.761	0.909
German Bonds	-0.58	-0.290

Money Market Rates

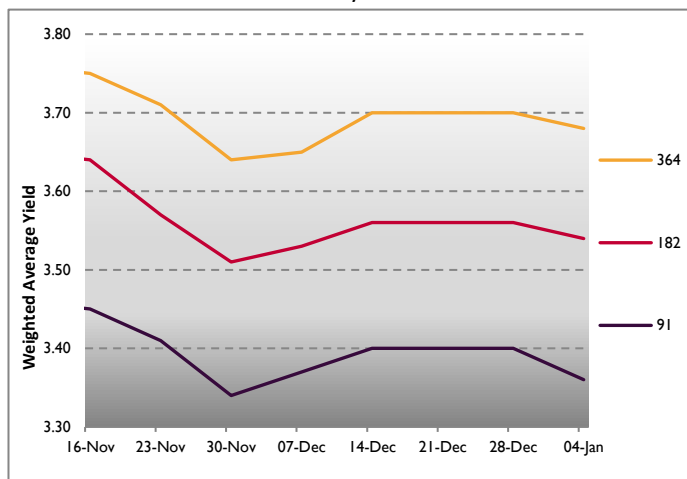
LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.443	-0.422	-0.335	-0.297
USD	2.409	2.516	2.783	2.853
GBP	0.703	0.730	0.907	1.032
EURIBOR	-0.373	-0.363	-0.310	-0.236

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.201	0.166	0.431	0.776
USD LIBOR - 3m	2.690	2.620	2.676	2.750

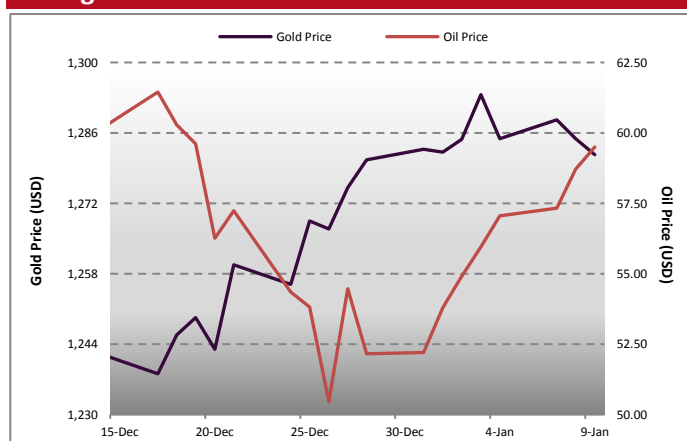
*Pay fixed and receive floating swap

Local Treasury Bills Market



COMMODITIES

Rolling Gold & Oil Prices



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

News

- > Oil prices maintained the pace and extended gains from the previous session on hopes of successful US-China trade talks even more after the US President Donald Trump tweeted that "talks with China are going very well." Negotiations are set to resume today for an unscheduled third day while both parties look ahead to end this trade war amid the deadline of March 1.
- > Gold prices dropped for a second consecutive day, moving further away from the USD 1,300 level, as a stronger US dollar dragged the metal's price lower while investors also sold the safe-haven precious metal in favour of more risky assets like equities.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	56.72	0.02	59.54	0.82
Gold (\$)	1,283.02	(1.83)	1,283.20	(3.60)