

FOREIGN EXCHANGE MARKET

News

- > The greenback traded mixed on risk aversion amid signs of slowing global growth and resurgent coronavirus cases. Data on Thursday showed the number of Americans filing new claims for unemployment benefits rose unexpectedly last week, an indication that the labour market recovery from the COVID-19 pandemic continues to be choppy.
- > EUR/USD peaked at 1.1868, on Thursday following the release of the new strategy from the European Central Bank setting a new 2 percent symmetric inflation target and announced it would tolerate temporarily exceeding the target. However, the pair later retreated to settle in the 1.1840 price zone
- > GBP/USD remained under pressure ending Thursday with modest losses around 1.3770 amid a dismal market mood. The UK will publish growth and production figures this Friday.
- > USD/JPY pair plummeted to 109.53, the lowest in almost a month, as risk aversion took over financial markets
- > AUD/USD dropped to 0.7409 its weakest since December 2020 as the spread of the new Covid variant spooked markets and their outlook for the economic recovery.
- > The Canadian dollar weakened to 1.2590 its lowest level since April 21 against its US counterpart on Thursday, as commodity prices fell and the growing spread of the COVID-19 Delta variant weighed on investor sentiment.
- > USD/MUR ends the week at MUR 43.15/USD on the offer, while the EUR/MUR gains in strength to be offered at MUR 51.26/EUR. The market is expected to remain very tight given demand remains strong.

Daily Technical View

The euro rallied on profit-taking and risk aversion, as worries that a rapidly spreading Delta variant could stall a worldwide economic recovery led to investors fleeing risk-sensitive currencies and flocked to the safety of the euro, dollar and the yen. EUR/USD consolidated the strongest daily gain in three weeks as it recovered from 1.1780 lows to test the 1.1870 resistance level. The pair has since retreated to trade around 1.1830 this morning and 1.1770/80 remains a strong support ahead of 1.1700/20. To the upside, a break above 1.1870 would expose the 1.1920/40 resistance area.

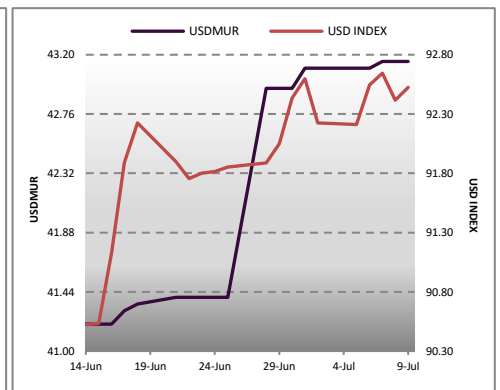
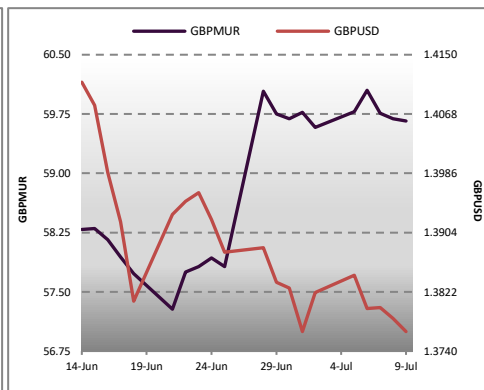
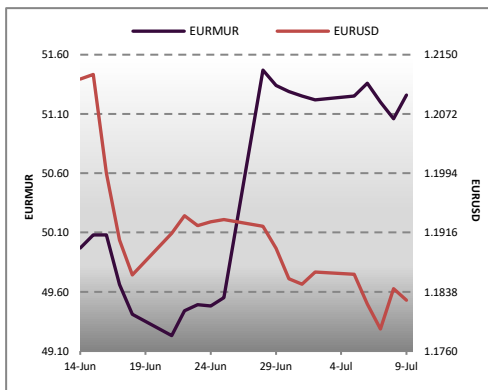
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	31.21	(0.18)	32.46	(0.19)
CNYMUR	6.50	(0.01)	6.83	(0.01)
EURMUR	49.77	0.20	51.26	0.20
JPYMUR	38.06	0.23	39.58	0.24
ZARMUR	2.90	0.01	3.09	0.01
USDMUR	42.25	-	43.15	-
GBPMUR	57.92	(0.03)	59.66	(0.03)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	31.20	31.20	31.19	32.49	32.57	32.71
EURMUR	49.76	49.78	49.77	51.32	51.50	51.77
ZARMUR	2.88	2.85	2.78	3.09	3.09	3.09
USDMUR	42.24	42.23	42.16	43.18	43.28	43.43
GBPMUR	57.91	57.92	57.87	59.70	59.84	60.07



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7428	0.7439	0.7411	0.7426
EURUSD	1.1842	1.1849	1.1826	1.1833
GBPUSD	1.3787	1.3794	1.3761	1.3769
USDJPY	109.79	110.12	109.74	110.10
USDCHF	0.9155	0.9174	0.9144	0.9164
USDCNH	6.49	6.50	6.49	6.49

Major Indices

	Value at Close	Day Change %
DOW JONES	34,681.79	(0.75)
S&P 500	4,320.82	(0.86)
FTSE 100	7,030.66	(1.68)
DAX	15,420.64	(1.73)
CAC 40	6,396.73	(2.01)
NIKKEI 225	27,589.36	(1.88)
HANGSENG	27,390.96	0.88

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
9-Jul	06 00	UK	Gross Domestic Product (MoM)	May	-	1.7%	2.3%
9-Jul	12 30	CA	Unemployment Rate	Jun	-	7.7%	8.2%
13-Jul	06 00	DE	Harmonized Index of Consumer Prices	Jun	-	-	2.1%
13-Jul	12 30	US	CPI ex Food & Energy (YoY)	Jun	-	-	3.8%

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 fell across the board yesterday, with the decline adding to a slide in long-dated rates to around five-month lows, as stock markets skidded lower. The rally in bonds, which was forcing yields down, raised fears that trading in government debt is signaling a growing worry about the sustainability of the economic rebound from COVID.

> A day after a duo of record closes for US stock market indexes, the S&P 500 index and the Nasdaq Composite, government debt yields dug deeper into the abyss.

> The 10-year US Treasury note yield weakened to 1.287 percent, while the 30-year Treasury bond rate traded lower at 1.86 percent. The 2-year Treasury note rate slid to 0.192 percent, compared with 0.216 percent on Wednesday.

> Today, the Bank of Mauritius will hold the auction for the 364-Day Government of Mauritius Treasury Bills for a nominal amount of MUR 1,000 Mio as well as the auction for the 91-Day and 182-Day Bank of Mauritius Bills for a nominal amount of MUR 1,500 Mio.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
1M	0.60	0.45
2M	0.70	0.55
3M	0.90	0.75
4M	1.00	0.85
6M	1.05	0.90
8M	1.10	0.95
10M	1.15	1.00
1Y	1.20	1.05

Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	2.00	1.80
3 year	2.45	2.25
4 Year	2.75	2.55
5 Year	3.05	2.80
10 Year	4.40	4.15
15 year	4.65	4.40
20 Year	4.90	4.65

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	0.10	0.10

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	0.2066	0.772
UK Bonds	0.092	0.27
German Bonds	-0.68	-0.600

Money Market Rates

LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.579	-0.582	-0.552	-0.531
USD	0.095	0.103	0.124	0.162
GBP	0.043	0.055	0.079	0.099
EURIBOR	-0.575	-0.554	-0.547	-0.511

* LIBOR rates delayed by 48 hours. Source: ICE

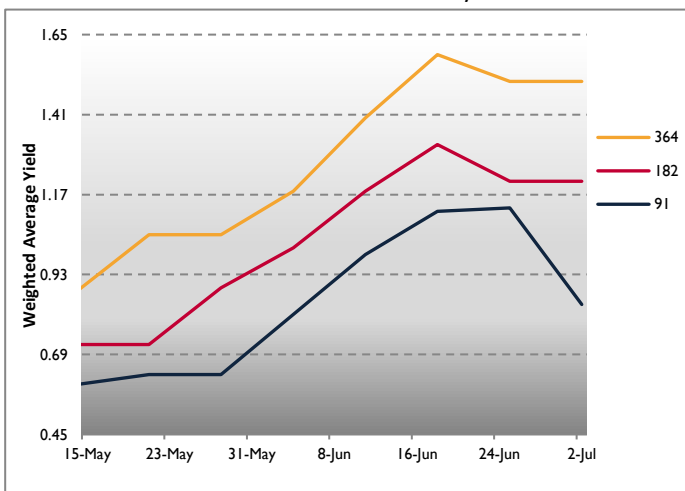
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.492	-0.338	-0.206	-0.006
USD LIBOR - 3m	0.295	0.844	1.113	1.337

* Pay fixed and receive floating swap

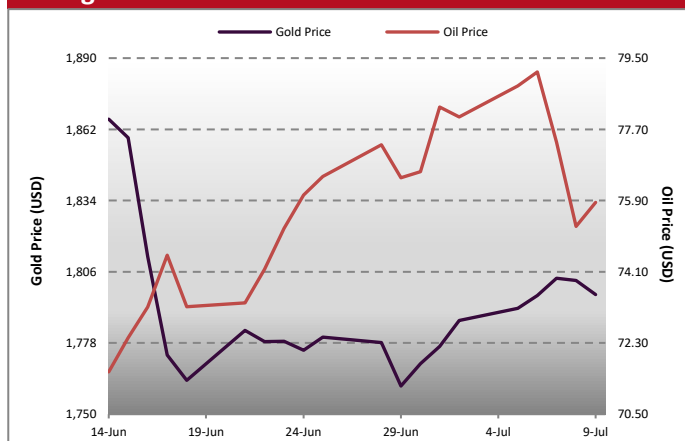
[Click here to access our Mauritian Bond Market page](#)

Auction Results of Treasury Bills



COMMODITIES

Rolling Gold & Oil Prices



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

News

> Gold regains upside momentum past the USD 1,800 level as a drop in US Treasury yields and worries over Covid lifted the yellow metal's safe-haven appeal.

> Gold short-term outlook is looking rather bullish again now that several parts of the world are grappling with the delta Covid variant and is downgrading all the global growth prospects.

> Oil was down this morning in Asia even as data released on Thursday revealed US fuel inventories fell and demand surged as economic recovery drove consumption. The collapse of the OPEC+ talks has weighed on oil prices this week with the overriding concern that the current output agreement will be abandoned and producers will ramp up production to boost market share.

Spot Market

	Today	Change (\$)
Brent Crude Oil (\$)	75.86	0.61
Gold (\$)	1,799.40	(3.16)