

FOREIGN EXCHANGE MARKET

News

- > The greenback rallied against majority of its peers on Tuesday, except for the Japanese yen due to sell-off in cable on continued fear over no-deal Brexit along with safe-haven USD buying on fall in US equities and Treasury yields.
- > EUR/USD pair fell to 1.1758, its lowest in over a week as mixed Eurozone data and dovish European Central Bank expectation undermined the shared currency.
- > The pound tumbled to 1.2950 against the dollar on Tuesday, as the UK Prime Minister Boris Johnson raised concerns about a no-deal Brexit after warning that Britain would end the negotiations if there was no progress on a deal by mid-October.
- > The USD/JPY retreated to 105.85 from a high of 106.37 on fall in US Treasury yields and equities.
- > AUD/USD rebounded above the 0.7200 level after falling to 0.7190 following the release of in-line with estimates Chinese inflation figures.
- > The Canadian dollar fell to its weakest since August 25 at 1.3220 against its US counterpart on Tuesday as oil prices tumbled ahead of the Bank of Canada interest rate decision scheduled for today.
- > The South African rand weakened to 16.9750 per dollar after data showed that the economy contracted sharply in the second quarter due to coronavirus restrictions.
- > The USD/MUR gains 5 cents this morning, to trade at MUR 40.30/USD on the offer. This is due to the local market supply remaining tight so far this month as well as the single currency's decline on the international markets below the 1.1800 handle.

Daily Technical View

EUR/USD - A sharp sell-off in technology stocks led to a risk-off session and more unwinding of USD short positions, with the EUR slipping to a session low of 1.1758 against the greenback in early Asian trade today. The key support area 1.1700/50 is under threat and a clear breach will open up fresh downside target at 1.1650, on the upside a recovery towards 1.1865 is needed to alleviate current bearishness in the pair.

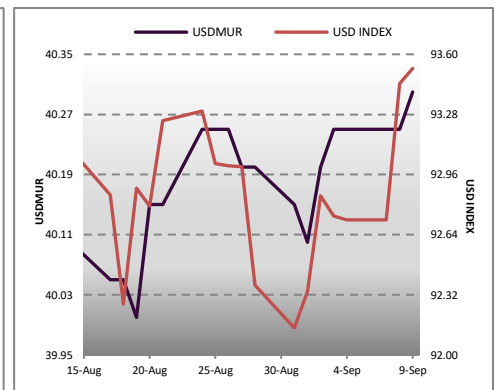
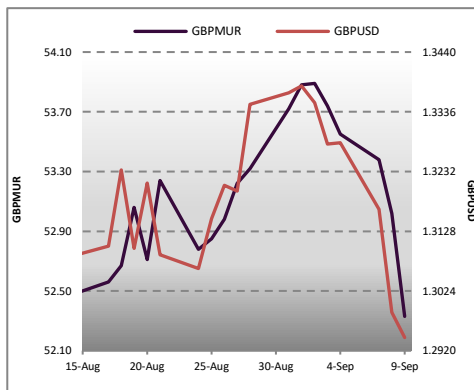
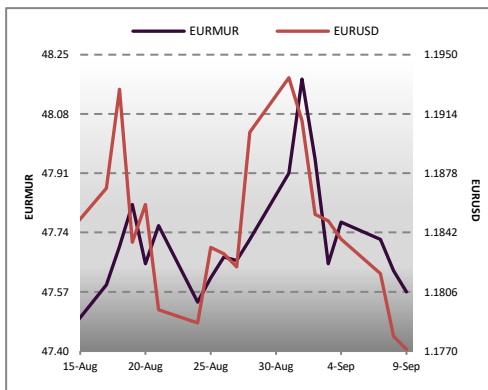
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	28.30	(0.19)	29.43	(0.20)
CNYMUR	5.74	(0.01)	6.03	(0.01)
EURMUR	46.18	(0.06)	47.57	(0.06)
JPYMUR	36.82	0.17	38.29	0.17
ZARMUR	2.29	(0.02)	2.44	(0.02)
USDMUR	39.40	0.05	40.30	0.05
GBPMUR	50.81	(0.67)	52.33	(0.69)

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	28.31	28.35	28.41	29.48	29.58	29.74
EURMUR	46.27	46.46	46.73	47.68	47.94	48.33
ZARMUR	2.28	2.26	2.23	2.43	2.42	2.39
USDMUR	39.40	39.41	39.43	40.32	40.38	40.49
GBPMUR	50.85	50.96	51.10	52.40	52.57	52.84



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.7213	0.7230	0.7193	0.7223
EURUSD	1.1775	1.1783	1.1758	1.1775
GBPUSD	1.2980	1.2993	1.2921	1.2946
USDJPY	106.02	106.05	105.80	105.94
USDCHF	0.9174	0.9190	0.9174	0.9186
USDCNH	6.85	6.86	6.85	6.85

Major Indices

	Value at Close	Day Change %
DOW JONES	28,133.31	(2.25)
S&P 500	3,331.84	(2.78)
FTSE 100	5,955.45	0.42
DAX	12,968.33	(1.01)
CAC 40	4,973.52	(1.59)
NIKKEI 225	23,019.20	(1.10)
HANGSENG	24,351.56	(1.11)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
8-Sep	09 00	EU	Gross Domestic Product s.a. (QoQ)	Q2	-11.80%	-12.1%	-12.1%
9-Sep	01 30	CN	Consumer Price Index (YoY)	Aug	2.4%	2.4%	2.7%
9-Sep	14 00	US	JOLTS Job Openings	Jul	-	6.000 M	5.889 M
9-Sep	14 00	CA	BoC Interest Rate Decision	-	-	0.25%	0.25%

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 traded lower yesterday, as US equities extended their selloff of last week, bolstering demand for haven assets. The bond-market rally showed no signs of flagging throughout the session even after a sizable sale of short-term debt.
- > Equities remained on the back foot, with the Nasdaq Composite recording a steep drop. Technology stocks have given up a chunk of gains since last week after an impressive run-up since its March lows, during which they led the broader market higher.

- > The Treasury Department drew tepid appetite for USD 50 billion of three-year notes as part of USD 98 billion of coupon-bearing debt auctions this week. However, the bid for safe-haven assets helped to limit the bearish impact of a sloppy auction, which can sometimes weigh on bond prices and lift yields.
- > The 10-year US Treasury note yield dropped 3.8 basis points to trade at 0.683 percent, while the two-year note rate weakened to 0.141 percent. The 30-year bond yield gave away 4.7 basis points to 1.421 percent.
- > Today, the Bank of Mauritius will hold the auction for the 364-Day Bank of Mauritius Bills for a nominal amount of MUR 2,500 Mio. The last auction held for this security showed a weighted return of 1.37 percent.

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	0.75	0.60
6M	0.90	0.75
8M	1.10	0.95
10M	1.25	1.10
1Y	1.40	1.25

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

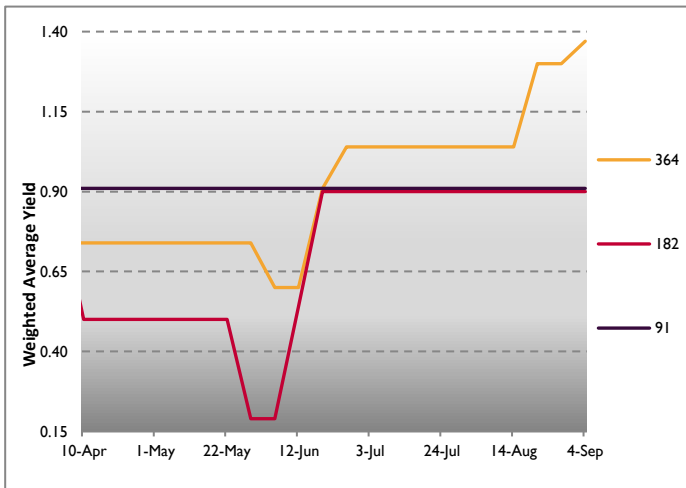
	Bid (%)	Offer (%)
2 year	1.70	1.50
3 year	1.85	1.65
4 Year	2.00	1.80
5 Year	2.20	1.95
10 Year	2.60	2.35
15 year	2.90	2.65
20 Year	3.20	2.95

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	0.1408	0.264
UK Bonds	-0.13	-0.109
German Bonds	-0.7	-0.710

Local Treasury Bills Market

Money Market Rates

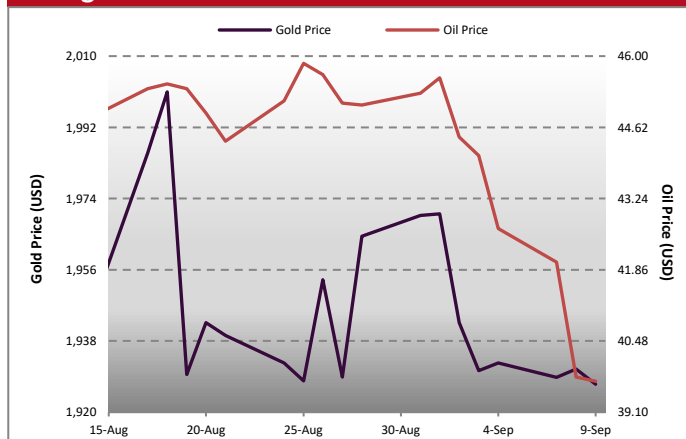
LIBOR* (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.556	-0.551	-0.513	-0.492
USD	0.107	0.156	0.242	0.293
GBP	0.055	0.054	0.065	0.117
EURIBOR	-0.536	-0.513	-0.487	-0.459

* LIBOR rates delayed by 48 hours. Source: ICE

Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.515	-0.478	-0.404	-0.264
USD LIBOR - 3m	0.225	0.331	0.482	0.680

*Pay fixed and receive floating swap

COMMODITIES
Rolling Gold & Oil Prices


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News

- > Brent sunk below the key level of USD 40 a barrel for the first time since 25th June 2020, while US crude lost 8 percent as the COVID-19 outbreak is threatening hopes for a global economic recovery.
- > Gold dipped to two-week low on Tuesday against a stronger US dollar before trading on a stable note this morning after a sell-off in stock markets and ahead of the European Central Bank policy meeting due tomorrow.

	Spot Market	
	Today	Change (\$)
Brent Crude Oil (\$)	38.00	(2.05)
Gold (\$)	1,928.00	(2.93)