

FOREIGN EXCHANGE MARKET

News

- > The GBP/USD pair surged above the 1.33 level for the first time since mid-September 2016. The main catalyst for the move was a jump in the UK inflation figures for August, as the CPI rebounded to 2.9 percent yearly basis, from 2.6 percent in July. The UK will release its latest employment figures this Wednesday, and wages will determine whether current upward momentum would extend or not.
- > The Aussie edged higher to 0.8025 against the greenback in Asian trade this morning after the release of upbeat Westpac consumer confidence which came in better than expected in September.
- > South African rand retreated on Tuesday as a resurgent dollar pushed back and wiped away early demand for risk currencies.
- > The greenback extended its rally against the Yen but lost ground versus the euro while the dollar index managed to remain above the 2-1/2-year low of 91.011 plumbred on Friday on higher Treasury yields and ahead of US inflation data due tomorrow.
- > The Pound is still maintaining its upward trend, opening 42 cents higher, on the offer against the local currency, supported by news indicating that the EU withdrawal bill passed smoothly through the House of Commons.
- > The USD/JPY pair rallied up to 110.30 as improved risk appetite triggered further rise in the US Treasury yields.

Daily Technical View

EUR/USD - The EUR traded to a low of 1.1927 against the USD undermined by a sell-off in EUR/GBP cross and on news that the Trump administration may be willing to compromise to get the tax reform done. However the single currency bounced from the 1.1930 support level to post a session high of 1.1992 in Asia this morning as traders squared off positions ahead of tomorrow's key U.S. CPI data. Intra-day we suggest to play the 1.1940-1.2040 range with a tight 30 pips S/L loss either side.

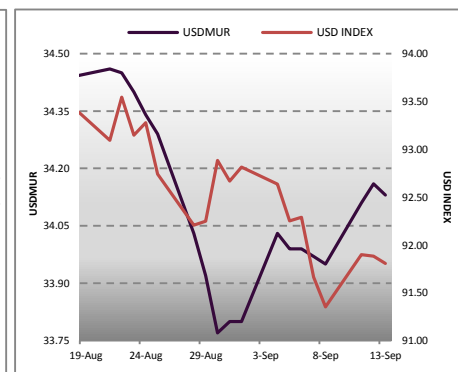
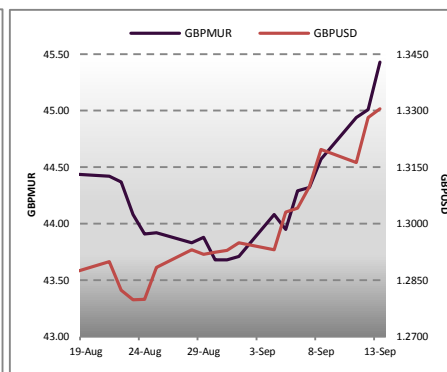
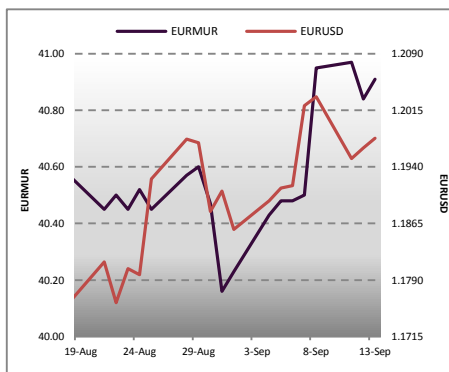
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	26.37	0.05	27.61	0.05
CNYMUR	5.02	0.01	5.28	0.01
EURMUR	39.38	0.07	40.91	0.07
JPYMUR	29.68	(0.23)	31.00	(0.24)
ZARMUR	2.49	(0.01)	2.61	(0.01)
USDMUR	32.85	(0.03)	34.13	(0.03)
GBPMUR	43.73	0.41	45.43	0.42

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	26.35	26.33	26.28	27.63	27.67	27.72
EURMUR	39.44	39.58	39.77	41.00	41.20	41.50
ZARMUR	2.48	2.46	2.41	2.60	2.58	2.56
USDMUR	32.85	32.87	32.88	34.16	34.23	34.32
GBPMUR	43.77	43.87	44.00	45.50	45.68	45.93



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.8018	0.8038	0.8012	0.8024
EURUSD	1.1966	1.1992	1.1960	1.1978
GBPUSD	1.3282	1.3314	1.3279	1.3306
USDJPY	110.17	110.29	109.99	110.13
USDCHF	0.9599	0.9607	0.9585	0.9594
USDCNH	6.54	6.54	6.52	6.53

Major Indices

	Value at Close	Day Change %
DOW JONES	22,057.37	0.28
S&P 500	2,496.48	0.34
FTSE 100	7,400.69	(0.17)
DAX	12,518.75	0.18
NIKKEI 225*	19,879.72	0.65
HANGSENG*	27,903.51	(0.25)

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
12-Sep	08 30	UK	Consumer Price Index (YoY)	Aug	2.9%	2.8%	2.6%
13-Sep	12 30	US	Producer Price Index (MoM)	Aug	-	0.3%	-0.1%
14-Sep	01 30	AU	Unemployment Rate s.a	Aug	-	-	5.6%
14-Sep	01 30	AU	Employment change s.a	Aug	-	-	27.9K

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 Treasuries saw unabated selling yesterday, pushing yields higher, with the 10-year yield retaking levels seen at the end of August as geopolitical tensions have ebbed somewhat.

> The 10-year Treasury note yield climbed 4.5 basis points to 2.171 percent, extending its weeklong rise to more than 11 basis points, while the yield on the 2-year note gained 1.6 basis points to 1.335 percent.

> Elsewhere, the UK 10-year government bond yield jumped close to 9 basis points after the annual inflation rate in the UK picked up to an annualized 2.9 percent in August. As inflation floats well above its 2 percent target, the Bank of England will face pressure to raise interest rates when it announces this month policy decision on Thursday.

> Today, the Bank of Mauritius will issue the Twenty-year Government of Mauritius Bonds for a nominal amount of MUR 1,500 Mio.

Market Highlights

Local Secondary Market T-Bills

	Bid (%)	Offer (%)
Up to 30 days	1.75	1.60
31 to 60	1.85	1.70
61 to 90	2.00	1.85
91 to 135	2.06	1.91
136 to 180	2.10	1.95
181 to 240	2.13	1.98
241 to 300	2.16	2.01
301 to 364	2.20	2.05

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

Local Secondary Market T-Bonds

	Bid (%)	Offer (%)
2 year	2.40	2.20
3 year	2.70	2.50
4 Year	3.00	2.80
5 Year	3.35	3.10
10 Year	4.70	4.45
15 year	5.50	5.25
20 Year	6.20	5.95

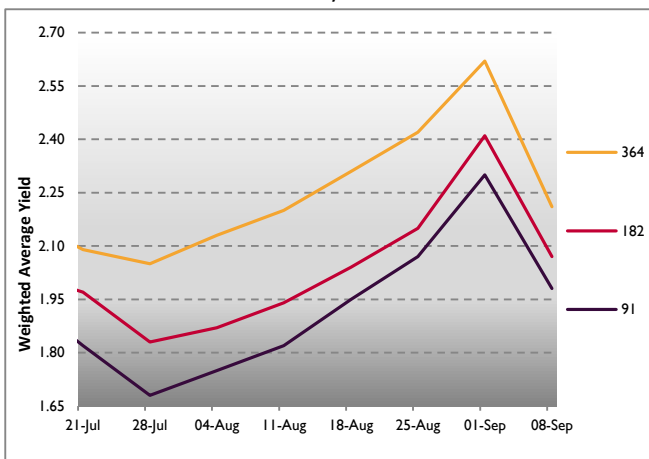
Key Central Bank Rates

	Current Level (%)	Previous (%)
BOM Repo Rate	3.50	4.00
Feds Fund Rate	1.00 - 1.25	1.00 - 1.25
BoE Bank Rate	0.25	0.25
ECB Ref. Rate	0.0	0.0
RBA Cash Rate	1.50	1.50

Government Benchmark Yields (%)

	2 Year	5 Year
US Bonds	1.3308	1.737
UK Bonds	0.278	0.555
German Bonds	-0.737	-0.329

Local Treasury Bills Market



Money Market Rates

LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.409	-0.404	-0.376	-0.304
USD	1.197	1.237	1.319	1.454
GBP	0.238	0.252	0.292	0.419
EURIBOR	-0.379	-0.373	-0.331	-0.274

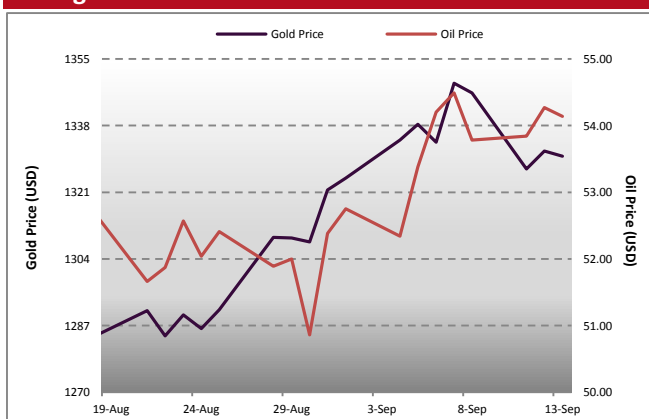
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.252	0.089	0.361	0.749
USD LIBOR - 3m	1.570	1.812	1.951	2.116

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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

News

> Brent oil traded through USD 54 a barrel after OPEC forecasted higher demand in 2018 and on talks that it could consider further output cuts. The API reported yesterday that crude inventories rose by 6.2 million barrels last week. The US EIA will release official data later today.

> Copper retreated from its highest level in three years touched last week, but is still trading at 20 percent higher this year.

> Gold bounced back on risk on sentiment in the wake of comments from US President Donald Trump, who stated that the UN sanctions on North Korea are "nothing compared to what ultimately will have to happen"

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	55.97	0.86	54.16	0.44
Gold (\$)	1,330.98	5.98	1328.00	2.80