

FOREIGN EXCHANGE MARKET

News

- > The EUR/USD pair soared to a fresh two-week high of 1.1870 after the FOMC released the September meeting minutes, which revealed that some members were worried that the low inflation may not be due to temporary factors and argued that it would be appropriate to delay hikes until they see proof of a pick-up.
- > The single currency was also supported by expectations that the ECB would announce at its policy meeting later this month that it would wind back its 2.3 trillion eurobond-buying programme. Focus today will be on the speech to be delivered by ECB President Mario Draghi at an event in Washington.
- > The US will release its September PPI and weekly employment figures this Thursday ahead of Friday inflation and sales data.
- > The GBP/USD hit a high of 1.3265 on US dollar weakness, while the BOE will release its credit conditions survey later today.
- > The Aussie ticked above the 0.7800 level against the greenback after the data released by the Australian Bureau of Statistics showed that home loans rose 1 percent in August, beating the estimate of a 0.5 percent growth.
- > The South African rand recovered from its six-month lows early on Wednesday, on speculation that US President Donald Trump's tax overhaul plan would stall.
- > The US dollar opens once again 5 cents lower against the rupee this morning, post concerns of several US Federal Reserve officials regarding the FOMC minutes published yesterday.
- > Today, the market is expected to see some volatility ahead of ECB President Mario Draghi's speech due this afternoon.

Daily Technical View

EUR/USD - The EUR rally versus the USD reached a session high of 1.1877 in Asia this morning after the FOMC minutes revealed that many Fed's officials were concerned that current low inflation was not only transitory. The market is hovering near good resistance at 1.1880/1.1910 area and a clear break would target the 1.2000 level, on the downside 1.1800/30 levels are first support and the 1.1740/65 area likely to hold the pull-back.

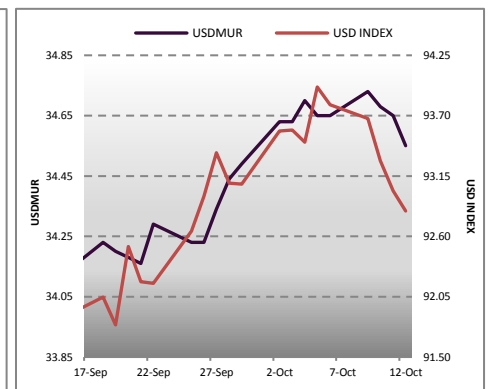
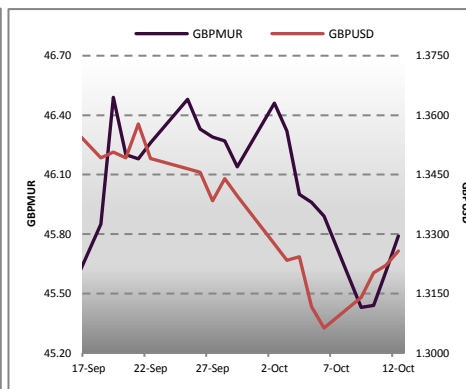
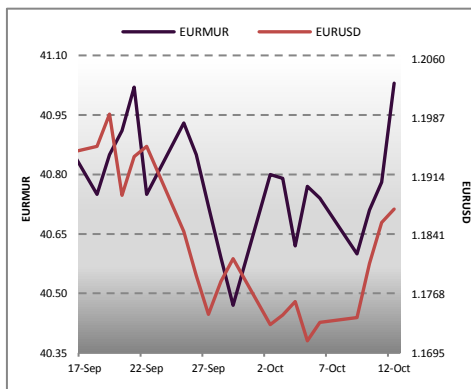
Market Highlights

Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	26.00	0.09	27.22	0.09
CNYMUR	5.04	-	5.30	(0.01)
EURMUR	39.49	0.14	41.03	0.15
JPYMUR	29.45	(0.01)	30.76	(0.01)
ZARMUR	2.44	0.03	2.55	0.03
USDMUR	33.25	(0.05)	34.55	(0.05)
GBPMUR	44.07	0.10	45.79	0.11

Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	25.98	25.96	25.91	27.24	27.28	27.33
EURMUR	39.55	39.69	39.88	41.12	41.32	41.62
ZARMUR	2.43	2.41	2.37	2.54	2.53	2.50
USDMUR	33.25	33.27	33.28	34.58	34.65	34.75
GBPMUR	44.11	44.22	44.34	45.86	46.04	46.29



Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
	0.7787	0.7823	0.7787	0.7820
EURUSD	1.1860	1.1878	1.1858	1.1876
GBPUSD	1.3222	1.3264	1.3220	1.3263
USDJPY	112.49	112.52	112.27	112.29
USDCHF	0.9733	0.9736	0.9717	0.9718
USDCNH	6.57	6.59	6.57	6.58

Today

Major Indices

	Value at Close	Day Change %
DOW JONES	22,830.68	0.18
S&P 500	2,555.24	0.18
FTSE 100	7,533.81	(0.06)
DAX	12,970.68	(0.21)
NIKKEI 225*	20,970.21	0.48
HANGSENG*	28,489.88	0.35

Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
12-Oct	09 00	EU	Industrial Production (YoY)	Aug	-	2.5%	3.2%
12-Oct	12 30	US	Producer Price Index (MoM)	Sep	-	0.4%	0.2%
12-Oct	12 30	US	Initial Jobless Claims	Oct	-	254K	260K

FIXED INCOME

News

- > Treasuries saw subdued trade yesterday, after the Federal Open Market Committee minutes from the September gathering showed that the majority of its members reported that they were in favour of one more rate increase this year, and called for further rate rises. Tighter monetary policy can erode the value of government paper fixed payments.
- > The 2-year US Treasury note yield which is the most sensitive to shifting expectations for Federal Reserve policy rose to a fresh 9-year high of 1.520 percent, while benchmark 10-year Treasury yield ticked up to 2.346 percent, from 2.342 percent.

- > The results of the Three-Year Government of Mauritius Treasury Notes auction for a nominal amount of Mur 1,600 Mio were as follows: out of 16 bids received, 8 were successful with a weighted average yield of 2.37 percent.
- > Tomorrow, the Bank of Mauritius will issue the 91-Day and 364-Day Bank of Mauritius Bills for a nominal amount of MUR 800 Mio as well as the 182-Day Government of Mauritius Treasury Bills for a nominal amount of MUR 600Mio.

Market Highlights

Local Secondary Market T-Bills		
	Bid (%)	Offer (%)
Up to 30 days	1.57	1.42
31 to 60	1.62	1.47
61 to 90	1.73	1.58
91 to 135	1.76	1.61
136 to 180	1.82	1.67
181 to 240	1.85	1.70
241 to 300	1.88	1.73
301 to 364	1.90	1.75

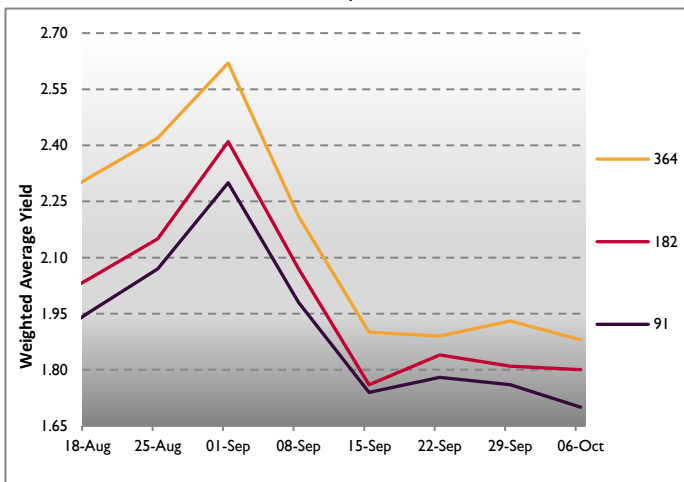
Local Secondary Market T-Bonds		
	Bid (%)	Offer (%)
2 year	2.20	2.00
3 year	2.50	2.30
4 Year	2.89	2.66
5 Year	3.20	2.95
10 Year	4.50	4.25
15 year	5.00	4.75
20 Year	5.50	5.25

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	1.5127	1.941
UK Bonds	0.472	0.8
German Bonds	-0.693	-0.256

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

Local Treasury Bills Market



Money Market Rates

LIBOR (%)	1 Week	1 Month	3 Months	6 Months
EUR	-0.420	-0.401	-0.376	-0.310
USD	1.204	1.239	1.359	1.529
GBP	0.237	0.283	0.371	0.523
EURIBOR	-0.379	-0.371	-0.329	-0.274

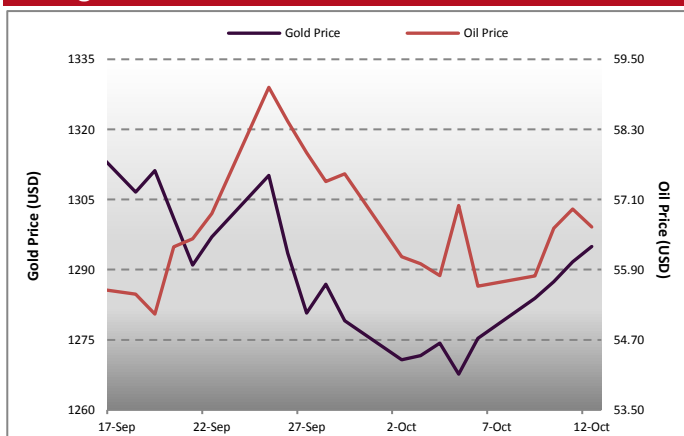
Indicative Generic Swap Rates* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	-0.227	0.166	0.440	0.821
USD LIBOR - 3m	1.778	2.020	2.140	2.290

*Pay fixed and receive floating swap

COMMODITIES

Rolling Gold & Oil Prices



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

- > Gold gained in Asia as the US Federal Reserve appears on track for a December rate hike, but set a somewhat overall dovish tone on the track for 2018 in minutes released overnight.
- > Oil prices eased this morning, as US fuel inventories rose despite efforts by OPEC to cut production and tighten the market.
- > The latest survey on oil markets, conducted by consultancy Deloitte Services, showed that a majority of the US oil executives expect crude oil prices to stay below USD 60 per barrel through 2018.

	Spot Market		Futures Market	
	Today	Change (\$)	Today	Change (\$)
Brent Crude Oil (\$)	55.86	(0.57)	56.60	(0.09)
Gold (\$)	1,296.06	7.61	1293.50	5.30