

## FOREIGN EXCHANGE MARKET

### News

- > Today, the US dollar fell against the euro and continues on last week's downward trend. The currency experiences pressure following signals of possible interest rate cuts next year from the FED. The dollar index was 0.07% lower at 102.55.
- > The EUR/USD pair is trading around 1.0920 during the early Asian trading hours on Tuesday ahead of the Eurozone Harmonized Index of Consumer Prices (HICP) data and US housing data due later today.
- > The cable rebounded to the range of 1.2653, up 0.05% during the early Asian session on Tuesday amid weaker US Dollar and the lower US Treasury bond yields.
- > AUD/USD is extending gains toward 0.6750 in the Asian session on Tuesday, capitalizing on the hawkish RBA Minutes of the December policy meeting, which stated that the "board considered whether to raise rates by 25bp or hold steady."
- > USD/CAD remains on the defensive, though a combination of factors helps limit losses. BoC Governor sees rate cuts in 2024 and overshadows the recent bounce in oil prices.
- > The Japanese yen dropped after the Bank of Japan announced its policy decision earlier today and as was broadly predicted, the Japanese Central Bank unanimously decided to keep the Yield Curve Control (YCC) policy unchanged.
- > The South African rand weakened against the US dollar, while expectations are that the currency could strengthen in the coming week as export dollars continue to flow into the market from the mines, and importer demand depletes due to seasonal factors.
- > The USD/MUR opens unchanged today while the EUR/MUR trades a tad higher as the EUR/USD trades on a steady note on the international market.
- > Yesterday, the Bank of Mauritius intervened on the domestic foreign exchange market and purchased a total amount of USD 0.6 million at the weighted rate of MUR 44.32/USD.

### Daily Technical View

EURUSD hovers around 1.0920 this morning, well below the psychological level of 1.1000 as German business expectations and current conditions unexpectedly worsened in December. Market is awaiting Core harmonized Index of consumer prices later during the day. Support lies at 1.0900 followed by 1.0868 while market need to breach 1.0975 to reach 1.1000.

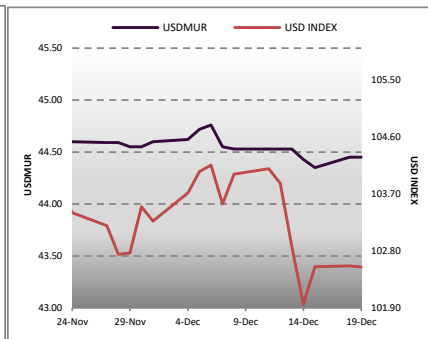
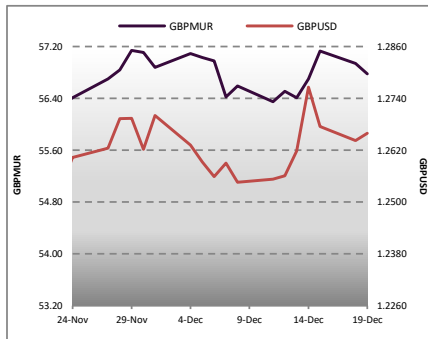
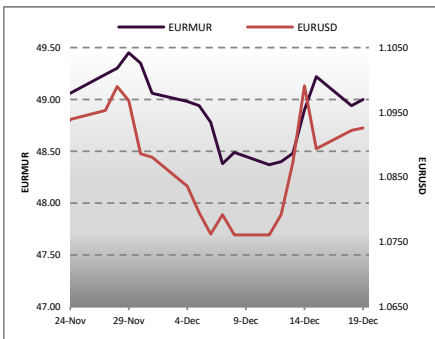
### Market Highlights

#### Indicative Spot Rates

	Bid		Offer	
	Today	Change (Rs.)	Today	Change (Rs.)
AUDMUR	29.27	0.03	30.70	0.03
CNYMUR	6.08	(0.02)	6.39	(0.02)
EURMUR	47.57	0.06	49.00	0.06
JPYMUR	30.19	(0.28)	31.79	(0.29)
ZARMUR	2.33	(0.04)	2.48	(0.0)
USDMUR	43.55	-	44.45	-
GBPMUR	55.13	(0.15)	56.78	(0.16)

#### Indicative Forward Rates

	Bid			Offer		
	1m	3m	6m	1m	3m	6m
AUDMUR	29.23	29.12	28.91	30.69	30.65	30.58
EURMUR	47.49	47.32	47.06	48.99	48.97	48.99
ZARMUR	2.31	2.28	2.22	2.48	2.47	2.46
USDMUR	43.43	43.19	42.79	44.38	44.26	44.10
GBPMUR	55.00	54.72	54.26	56.70	56.55	56.34



#### Previous Day Trading Levels

	Previous Day Trading Levels			Today
	Opening	High	Low	Latest
AUDUSD	0.6708	0.6727	0.6701	0.6724
EURUSD	1.0923	1.0930	1.0916	#N/A
GBPUSD	1.2643	1.2664	1.2641	#N/A
USDJPY	142.80	143.78	142.26	143.31
USDCHF	0.8671	0.8678	0.8659	#N/A
USDCNH	7.14	7.15	7.14	7.15

#### Today

#### Major Indices

	Value at Close	Day Change %
DOW JONES	37,305.16	-
S&P 500	9,849.74	0.45
FTSE 100	7,614.48	0.50
DAX	16,650.55	0.60
CAC 40	7,568.86	0.37
Nikkei 225	33,051.84	0.89
HANGSENG	16,629.23	(1.07)

### Major Economic Releases (at GMT)

Date	Time	Country	Event	Period	Actual	Expected	Prior
19-Dec	2:49	JP	Bank of Japan Interest Rate Decision		0.1%	-0.1%	-0.1%
20-Dec	7:00	UK	Core Consumer Price Index	Nov		0.20%	0.0%
20-Dec	7:00	UK	Retail Price Index	Nov	-	0.3%	-0.2%

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 edged slightly higher yesterday, as market participants considered arguments against a dovish policy pivot by the Federal Reserve in early 2024.
- > The optimism over the possibility of an earlier rate cut by the US Federal Reserve eased after Fed officials, including New York Federal Reserve Bank President Mr. John Williams and Chicago Fed President Mr. Austan Goolsbee pushed back on rate-cut expectations.
- > The yield on the 2-year US Treasury was unchanged at 4.455 percent, while the 10-year Treasury note gained 2.8 percent, trading at 3.955 percent. The long-bond yield strengthened by 4.2 basis points to 4.068 percent.
- > Markets are now pricing in a 91.7 percent probability that the Fed will leave interest rates unchanged between 5.25-5.5 percent at its next meeting at the end of January, according to the CME FedWatch Tool.
- > On Thursday, the Bank of Mauritius will issue the 182-Day Government of Mauritius Treasury Bills for a nominal amount of MUR 500 million.

### Market Highlights

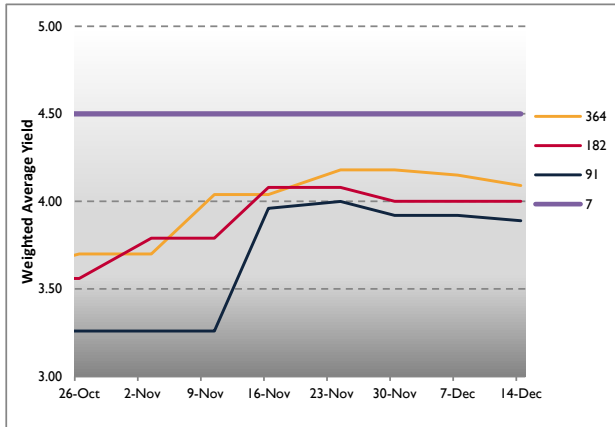
Local Secondary Market T-Bills			Local Secondary Market T-Bonds			Key Central Bank Rates		
	Bid (%)	Offer (%)		Bid (%)	Offer (%)		Current Level (%)	Previous (%)
1M	3.70	3.55	2 year	4.40	4.20	BOM Key Rate	4.50	4.00
2M	3.80	3.65	3 year	4.75	4.55	Fed Funds Rate	5.50	5.50
3M	3.90	3.75	4 Year	4.75	4.55	BoE Bank Rate	5.25	5.00
4M	3.95	3.80	5 Year	4.80	4.55	ECB Ref. Rate	4.50	4.50
6M	4.00	3.85	10 Year	4.95	4.70	RBA Cash Rate	4.35	4.35
8M	4.05	3.90	15 year	5.15	4.90			
10M	4.10	3.95	20 Year	5.35	5.10			
1Y	4.15	4.00						

Government Benchmark Yields (%)		
	2 Year	5 Year
US Bonds	4.4562	#N/A
UK Bonds	4.326	3.745
German Bonds	2.553	2.048

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

Auction Results of Treasury Bills



### Money Market Rates

Reference Rate*(%)	1 Week	1 Month	3 Months	6 Months
Term SOFR	-	5.470	5.626	5.648
EURIBOR	3.877	3.853	3.920	3.912
SONIA	-	5.199	5.223	5.191

\* rates delayed by 48 hours. Source: ICE & Refinitiv

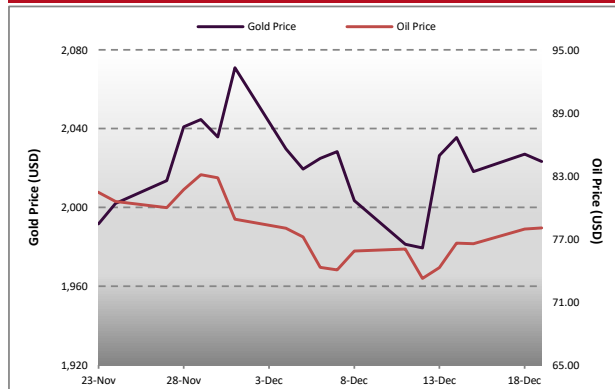
### Indicative Generic Swap Rates\* (%)

Tenor	2yr	5yr	7yr	10yr
EURIBOR - 3m	2.897	2.473	2.465	2.527
USD OIS	4.200	3.604	3.517	3.491

\*Pay fixed and receive floating swap

## COMMODITIES

### Rolling Gold & Oil Prices



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

### News

- > The yellow metal has opened the week on a slightly positive tone mostly due by a weaker US Dollar and lower US bond yields. Gold prices increased by 0.2% to \$2,023.13 per troy ounce.
- > West Texas Intermediate (WTI) price continues the upward trend on the second day, trading around \$72.80 per barrel in the Asian hours on Tuesday. Crude oil prices receive support due to geopolitical disruptions following an attack by the Houthi militant group on commercial vessels near Yemen.

Spot Market		
	Today	Change (\$)
Brent Crude Oil (\$)	81.50	1.85
Gold (\$)	2,025.50	7.31