

INTERNATIONAL MARKET FOCUS

The U.S. dollar struggled to keep gains in early Asian Trade on Monday as looming central bank decisions in Japan and Europe forced a pause in its data-spurred rally late last week. Its rally so far this year has been tentative and inconsistent as investors try to make up their minds about when the Federal Reserve will start cutting rates. Data last week showing U.S. economic activity remains resilient despite interest rates at their highest level in decades caused markets to scale back expectations of rate cuts beginning as soon as in March.

The Euro extended its gains on the second successive day, trading around \$1.0910 during the early European hours on Monday. The pair received upward support on an improved risk appetite sentiment ahead of the ECB's January monetary policy meeting scheduled to be released on Thursday.

Sterling moved higher on the subdued US dollar amid a risk-on sentiment. The Cable retraced its recent losses registered on Friday, trading higher near \$1.2720 during the Asian session on Monday. However, challenges arose for the GBP/USD pair following the release of lacklustre December Retail Sales data from the UK on Friday. The significant drop in consumer spending poses a potential obstacle for the BOE in maintaining a tight policy without risking a downturn in the economy. The policymakers of the BOE will observe further data to gauge whether underlying inflation is on track to return to the targeted 2% level in a timely and sustainable manner.

The Japanese yen was the notable mover in otherwise quiet trading, as it tiptoed away from Friday's one-month low of \$148.80. The currency has been the worst hit against the dollar so far this year, tumbling about 5% in a swift reversal of December's bounce to five-month peaks near 140. The Bank of Japan's two-day meeting begins on Monday. Wagers for an exit from negative rates at this meeting have been wound down in the wake of the New Year's Day earthquake on Japan's west coast alongside dovish BOJ commentary.

The Australian dollar steadied on Monday, drawing support from major chart levels as a technical driven rally in share markets lifted sentiment, but rate considerations are set to dominate in a central bank packed week. The Aussie was hovering at \$0.6606, having lost 1.3% last week to as low as \$0.6525 as hopes for a U.S. interest rate cut in March faded.

South Africa's rand edged lower against the dollar early on Monday, as traders gauge an eventful week that will host the release of inflation data and the central bank's first rate decision of the year. At 0620GMT, the rand traded at \$19.06, about 0.1% weaker than its previous close. Statistics South Africa will release consumer and producer price inflation figures for December this week, ahead of the SARB rate decision on Thursday. SARB Governor has said he wants to see inflation decline sustainable to the 4.5% mark before considering rate cuts. Consumer inflation was at 5.5% in November and is expected to average 5% in 2024.

(Reuters)

LOCAL MARKET

Last week the USD/MUR traded within a range of 44.71/45.01, while the EUR/MUR traded within a range of 49.41/49.52 and the GBP/MUR traded within a range of 57.25/57.65

Results of last week auctions held by the Bank of Mauritius:

- On the 19<sup>th</sup> of January was held an auction of 7-Day Bank of Mauritius Bills at fixed yield of 4.50% for a nominal amount of MUR 1,000 million. MUR 1,000.00 million was allocated out of MUR 9,889.0 million received.
- On the 19<sup>th</sup> of January was also held an auction of Two-Year Bank of Mauritius Notes for a nominal amount of MUR 3,000 million. Of the 10 bids received for MUR 3,900.00 million, none was allocated.
- On the 18<sup>th</sup> of January was held an auction of 182-Day Government of Mauritius Bills; Out of the 9 bids received (representing MUR 1,150.0 million), 3 were accepted for the auction amount at a weighted average yield of 3.56%.

INDICATIVE SPOT AND FORWARD MUR RATES

	USD	EUR	GBP
SPOT	44.08/44.98	48.14/49.54	56.05/57.66
1 MTH	44.09/44.99	48.15/49.55	56.06/57.67
3 MTH	44.10/45.00	48.16/49.54	56.07/57.68

Source: BCP Bank (Mauritius) Ltd.

LATEST WEIGHTED TREASURY BILLS YIELDS

7 DAYS	91 DAYS	182 DAYS	364 DAYS
4.50%	3.29%	3.56%	3.65%
	(04.01.2024)	(18.01.2024)	(11.01.2024)

Source : Bank of Mauritius

CURRENCY QUOTES AGAINST USD

CURRENCY	OPENING	OPENING LAST WEEK
EUR	1.0902	1.0961
GBP	1.2715	1.2754
ZAR	19.0546	18.64355
JPY	147.855	145.175

INDICATIVE USDSOFR, EURIBOR & SONIA RATES

	USD	EUR	GBP (Overnight Terms Ref. Rate)
			5.1883
1 MTH	5.33594	3.854	5.1964
3 MTH	5.31580	3.958	5.2069
6 MTH	5.15933	3.908	5.1573



## THIS WEEK MAJOR ECONOMIC INDICATORS (Local Time)

23Jan	04:00	JPY	BOJ Interest Rate Decision / BOJ Monetary Policy Statement / BOJ Press Conference
23Jan	19:00	EUR	Consumer Confidence
24Jan	13:00	EUR	HCOB Manufacturing & Services PMI
24Jan	13:30	U.K.	S&P Global/CIPS Manufacturing & Services PMI
24Jan	18:45	U.S.	S&P Global Manufacturing & Services PMI
25Jan	13:00	EUR	IFO – Business Climate
25Jan	17:15	EUR	ECB Rate Decision / ECB Monetary Policy Statement
25Dec	17:30	U.S.	Weekly Jobless Claims / G.D.P.
25Dec	17:45	EUR	ECB Press Conference
26Dec	03:30	JPY	Tokyo Consumer Price Index

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