



The U.S. dollar held steady on Monday after a weekly loss as markets awaited the results of peace talks in the Middle East and signals on the timing of central bank rate hikes. U.S. jobs data later in the week will be in focus as Federal Reserve officials signal that the U.S. central bank may need to raise rates if the war accelerates already-high inflation, probably by year end.

The euro fell 0.8% to around \$1.1650. The European Central Bank should raise rates this month even if a U.S.-Iran peace deal is reached, Isabel Schnabel, an ECB board member told Reuters last week. She is set to speak in South Korea today.

The Japanese Yen weakened 0.08% to \$159.45. A speech by Bank of Japan Governor K. Ueda on Wednesday is highly anticipated for signals to whether the central bank will proceed with a rate increase in the following week. While there is no consensus yet within the BoJ on the decision, a pause in the central bank's taper of government bond purchases is increasingly seen as a preferred option. On another note, Japan's finance ministry said on Friday the government spent 11.7 trillion yen (around \$73.40 billion) intervening in currency markets over the previous month to support the yen, confirming what traders had widely suspected.

The Pound Sterling was trading on a flat note near \$1.3450 during the early trading hours on Monday, stabilizing in a sideways consolidation mode following a highly volatile week. Traders will closely monitor the developments surrounding the U.S.-Iran peace deal and the U.S. ISM Manufacturing Purchasing Managers Index report later in the day. On the other hand, markets have scaled expectations for a rate hike from the Bank of England following softer inflation data, an unexpected rise in unemployment rate to 5.0% in April, and easing political concerns. BoE Governor A. Bailey said on Friday that the UK central bank is in no rush to raise interest rates while the outcome of the Iran war remains uncertain and the UK's growth rate stays weak.

The Australian dollar was trading mostly sideways and waiting for a peace deal in the Gulf on Monday. The Aussie was steady at \$0.7186, after gaining 0.8% last week to as high as 72 cents on hopes for an imminent peace deal. For May, it slipped 0.3%, with support around 71 cents. The Reserve Bank of Australia has in the meantime signaled a wait-and-see approach after three rate hikes this year.

The Indian rupee opened marginally higher by 3 paise at \$94.97 on Monday even as rising crude oil prices and expectations of continued foreign portfolio outflows weighed on sentiment. According to market experts, the INR's strong recovery recently was aided by the RBI intervention.

The South African rand weakened slightly in early trade ahead of the release during the day of a local manufacturing purchasing managers' index and vehicle sales data for May. At 0656GMT, the rand was trading at \$16.2450, roughly down 0.2% from its previous close.

Source: (Reuters)

INDICATIVE SPOT AND FORWARD MUR RATES

| | USD | EUR | GBP |
|--------------|-------------|-------------|-------------|
| SPOT | 46.68/48.06 | 54.38/56.01 | 62.81/64.70 |
| 1 MTH | 46.69/48.07 | 54.39/56.02 | 62.82/64.71 |
| 3 MTH | 46.70/48.08 | 54.40/56.03 | 62.83/64.72 |

Source: BCP Bank (Mauritius) Ltd.

LATEST WEIGHTED TREASURY BILLS YIELDS

| 91 DAYS | 182 DAYS | 364 DAYS |
|---------|----------|----------|
| 4.05% | 4.29% | 4.63% |

Source : Bank of Mauritius

CURRENCY QUOTES

| CURRENCY | OPENING | OPENING LAST WEEK |
|----------------|---------|-------------------|
| EUR/USD | 1.1650 | 1.1642 |
| GBP/USD | 1.34585 | 1.3486 |
| USD/ZAR | 16.2255 | 16.3375 |
| USD/JPY | 159.455 | 158.855 |

INDICATIVE USDSOFR, EURIBOR & SONIA RATES

| | USD | EUR | GBP |
|--------------|---------|-------|--------|
| O/N | 3.62000 | 1.930 | 3.7295 |
| 1 MTH | 3.61998 | 1.983 | 3.7431 |
| 3 MTH | 3.65736 | 2.268 | 3.7856 |
| 6 MTH | 3.71384 | 2.547 | 3.8833 |

LOCAL MARKET

Last week the USD/MUR traded within a range of 47.99/48.25, the EUR/MUR traded within a range of 55.87/55.97 and the GBP/MUR traded within a range of 64.56/64.75

Results of last week auctions held by the Bank of Mauritius

- On the 28th of May was held an auction of 182-Day and 364-Day Government of Mauritius Treasury Bills for a nominal amount of MUR 1,000.0 Million and MUR 1,500.0 Million respectively. Out of the 18 bids received (representing MUR 6,900.0 million), 3 bids were allocated as follows: 9 bids received for 182-Day for MUR 2,900.0 million and only 1 was allocated for the tender amount at a weighted average yield of 4.29%; 9 bids received for 364-Day for MUR 4,000.0 million and 2 were allocated for the tender amount at a weighted average yield of 4.63%.

- On the 28th of May was also held an auction of 91-Day Bank of Mauritius Treasury Bills for a nominal amount of MUR 4,000.0 Million. 13 bids (representing MUR 5,550.0 million) were received, and 4 were accepted for the tender amount at a weighted average yield of 4.05%.

- On the 27th of May was held an auction of 4.80% Three-Year Government of Mauritius Treasury Notes (Re-Opening) for a nominal amount of MUR 3,000.0 Million. Out of the 19 bids received for MUR 3,000.0 million, 3 were allocated for the auction amount at a weighted average yield of 4.80%.



THIS WEEK MAJOR ECONOMIC INDICATORS (GMT Time)

| | | | |
|--------|-------|-----|--|
| 01 Jun | 09:00 | EUR | Unemployment Rate |
| 01 Jun | 14:00 | USD | ISM Manufacturing PMI |
| 02 Jun | 09:00 | EUR | Harmonized Index of Consumer Prices |
| 02 Jun | 14:00 | GBP | BoE's Governor Bailey speech |
| 03 Jun | 08:50 | JPY | BoJ Governor Ueda speech |
| 03 Jun | 14:00 | USD | ISM Services PMI |
| 04 Jun | 10:00 | EUR | Retail Sales |
| 04 Jun | 12:30 | USD | Weekly Jobless Claims |
| 04 Jun | 12:30 | USD | Nonfarm Payrolls / Unemployment Rate / Average Hourly Earnings |

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