



# HNB TREASURY COMMENTARY

## FOREIGN EXCHANGE MARKET

### USD/LKR

USD/LKR (spot) quoted within a range of 153.35.-153.90 on Monday.

### FOREX MARKET

The dollar got support from higher U.S. Treasury yields in early Asian trading on Tuesday, while sterling arrested a recent slide, which followed concerns about Theresa May's ability to stay on as British prime minister. The dollar index, which tracks the U.S. currency against a basket of six major rivals, was steady on the day at 94.499. Against its Japanese counterpart, the dollar inched 0.1 percent higher to 113.70 yen, but remained below its eight-month high of 114.735 hit last week. Sterling fell against the dollar and euro on Monday as investors worried about Theresa May's ability to stay on as British prime minister and get what they consider to be a good exit deal from the European Union. May's blueprint for Britain's departure from the EU faces a crucial test starting on Tuesday, when lawmakers try to win concessions on the government's legislation to sever ties. That test comes after the Sunday Times reported that 40 lawmakers from her ruling Conservative Party had agreed to sign a letter of no-confidence in her - eight short of the number needed to trigger a leadership contest. The Australian dollar was pinned uncomfortably close to major chart support on Monday as its yield buffer over the U.S. dollar shrank to its smallest since 2001, while its New Zealand counterpart was in only slightly better shape. The Aussie dollar was stuck at \$0.7653 to be just a whisker above support at \$0.7625/30, a zone that has held solid for two weeks running.

### COMMODITY MARKETS

Gold prices were little changed early on Tuesday, with the dollar supported by higher U.S. Treasury yields and Asian stocks down amid uncertainty over tax reforms in the United States. OPEC raised its forecast on Monday for demand for its oil in 2018 and said its deal with other producers to cut output was reducing excess oil in storage, potentially pushing the global market into a larger deficit next year.

### EXPECTED INTRA-DAY RANGES FOR TODAY

EUR/USD	- A range of	1.1630-1.1675
GBP/USD	- A range of	1.3060-1.3190
AUD/USD	- A range of	0.7610-0.7675
USD/JPY	- A range of	113.28-113.75

### MARKET WATCH

China Industrial Output	Oct
China Retail Sales	Oct
Euro Zone GDP Flash Estimate	Q3

## MONEY MARKET

### LOCAL MARKET

Overnight call-money traded at 8.15% on Monday. Net market liquidity with the Central Bank was a Surplus of Rs 22.28 Bn on Monday from a surplus of Rs 18.87 Bn on Friday

### U.S. TREASURIES

U.S. Treasury two-year note yields hit a fresh nine-year high on Monday, as the yield curve resumed its flattening and investors priced in a 25-basis-point interest rate hike by the Federal Reserve in December.

## SPOT RATES

USD/LKR	153.30-153.90
EUR/USD	1.1670-1.1675
GBP/USD	1.3114-1.3120
USD/JPY	113.62-113.65
USD/CAD	1.2738-1.2743
AUD/USD	0.7629-0.7631
USD/SGD	1.3607-1.3612
USD/INR	65.33- 65.35
GOLD	1,276.00-, 1276.10
CRUDE	56.64-56.65

### LIBOR %

	USD	EUR	JPY	GBP
1M	1.25	(0.40)	(0.02)	0.49
3M	1.41	(0.38)	(0.05)	0.53
6M	1.61	(0.31)	0.00	0.59
1Y	1.88	(0.25)	0.11	0.77

### T/BILL RATES % (W. Av. Last Auction)

3Months	8.67
6Months	9.02
12Months	9.44

### T/BOND RATES % (W. Av. Market rates)

2 Year	9.50
3Year	9.80
4 Year	9.90
5 Year	10.00
6 Year	10.00
7 Year	10.05
8Year	10.05

CLIBOR %(13/11/17) 8.15

SLIBOR % (13/11/17)

Overnight	8.15
1 Week	8.33
1 Month	9.21
3Months	10.04
6Months	11.76

### MONEY MARKET RATES

Overnight	8.05 - 8.15
1 Week	8.20 - 8.30
2 Weeks	8.40 - 8.55
3 Weeks	8.60 - 8.75
1 Month	8.75 - 9.00

### AWPLR %

Week ending 10/11	11.38
Week ago	11.25
Year ago	12.14

### AWDR %

Sept 2017	9.25
Oct 2017	9.22
Year ago	7.56

### INFLATION (%)

	YoY	12M W. Av
Sep 17 (NCPI)	6.3	
Aug 17 (NCPI)	7.9	
Aug (CCPI)	6.00	5.50
Sep (CCPI)	7.10	5.80
Year ago (CCPI)	4.20	3.90