



HNB TREASURY COMMENTARY

FOREIGN EXCHANGE MARKET

USD/LKR

USD/LKR (spot) quoted within a range of 153.45.-154.00 on Tuesday.

FOREX MARKET

The euro remained close to 2-1/2 week highs in early Asian trading on Wednesday, getting a boost from upbeat German economic data as investor's awaited U.S. consumer inflation data later in the global session. The common currency edged down slightly to \$1.1791 after jumping more than 1 percent in the previous session. It moved well away from a 3-1/2-month low of \$1.1553 plumed last week. The euro's ascent pushed down the dollar index, which tracks the U.S. currency against a basket of six major rivals. It was steady on the day at 93.856, wallowing at its lowest levels since late October and well below its overnight high of 94.542. Germany's seasonally adjusted gross domestic product rose by 0.8 percent on the quarter, beating a Reuters poll forecast of 0.6 percent. Sterling slipped to its lowest in almost four weeks against a broadly stronger euro on Tuesday, after lower-than-expected UK inflation data weakened the case for the Bank of England to raise interest rates again anytime soon. The Australian dollar crept away from four-month lows on Tuesday as a surprisingly strong survey of business activity at home helped salve the sting from disappointing Chinese data. The Aussie dollar nudged up to \$0.7630, from a trough of \$0.7609, though the technical background remained bearish following the initial break of support around \$0.7625/30 overnight. It got a helping hand when the latest survey of businesses from NAB showed them enjoying the best conditions in two decades with sales and profits surging in October. The upbeat outcome will be a comfort to the Reserve Bank of Australia (RBA), which last week reaffirmed its outlook for acceleration in economic growth even as it trimmed forecasts for inflation.

COMMODITY MARKETS

Gold prices held steady early Wednesday, after hitting a more than one-week low in the previous session, as the dollar firmed and investors waited for cues from U.S. consumer inflation data. U.S. crude and gasoline stockpiles rose unexpectedly last week, while distillate inventories drew, industry group the American Petroleum Institute said on Tuesday.

EXPECTED INTRA-DAY RANGES FOR TODAY

EUR/USD	- A range of	1.1640-1.1805
GBP/USD	- A range of	1.3063-1.3190
AUD/USD	- A range of	0.7580-0.7665
USD/JPY	- A range of	113.07-113.90

MONEY MARKET

LOCAL MARKET

Overnight call-money traded at 8.15% on Tuesday. Net market liquidity with the Central Bank was a Surplus of Rs 27.49 Bn on Tuesday from a surplus of Rs 22.28 Bn on Monday.

U.S. TREASURIES

U.S. Treasury two-year note yields touched a nine-year high on Tuesday, while those on long-dated debt fell as the yield curve flattened for a second straight day and investors braced for the next tightening by the Federal Reserve in December.

SPOT RATES

USD/LKR	153.30-154.10
EUR/USD	1.1796-1.1799
GBP/USD	1.3139-1.3142
USD/JPY	113.16-113.17
USD/CAD	1.2735-1.2739
AUD/USD	0.7585-0.7587
USD/SGD	1.3591-1.3594
USD/INR	65.33- 65.35
GOLD	1,282.00-, 1282.10
CRUDE	55.11-55.15

LIBOR %

	USD	EUR	JPY	GBP
1M	1.25	(0.40)	(0.02)	0.49
3M	1.41	(0.38)	(0.04)	0.53
6M	1.61	(0.31)	0.00	0.59
1Y	1.88	(0.25)	0.11	0.78

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	9.60
3Year	9.70
4 Year	9.90
5 Year	10.00
6 Year	10.05
7 Year	10.05
8Year	10.05

CLIBOR %(14/11/17) 8.14

SLIBOR % (14/11/17)

Overnight	8.15
1 Week	8.34
1 Month	9.18
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)	8.6	
Aug 17 (NCPI)	7.9	
Oct (CCPI)	7.8	6.1
Sep (CCPI)	7.1	5.8
Year ago (CCPI)	4.1	4.0