



HNB TREASURY COMMENTARY

FOREIGN EXCHANGE MARKET

USD/LKR

USD/LKR (spot) quoted within a range of 153.60.-154.15 on Wednesday.

FOREX MARKET

The dollar fell on Wednesday to its lowest level since October against a basket of major currencies, marking its worst one-day performance in five months. The dollar index, which tracks the greenback against six major currencies, fell 0.75 percent, to its lowest since Oct. 20. Against the yen, the dollar fell more than 1 percent, touching its lowest since late September. It was the dollar's largest single day fall against the yen since May. The greenback fell more than 1 percent against a host of currencies during the session. It slipped 1 percent versus the Swiss franc, which investors typically seek in times of market uncertainty, as well as currencies including the Brazilian real, South African rand and Russian rouble, which are generally sought in risk-on trading. The euro rose to a five-day high against the dollar of \$1.1827. The pound dipped after finance minister Philip Hammond read out sharply lower growth forecasts, but later recovered all its losses to hit a three-week high of \$1.3283 against a weakening dollar. Against the euro, it was 0.2 percent lower at 88.565 pence as the single currency strengthened broadly. The Australian dollar stayed on the defensive on Wednesday as local short-term yields came close to breaking below those in the United States for the first time since 2000, undermining the Aussie's attraction as a carry trade. It was flat at \$0.7579 and within spitting distance of a five-month trough of \$0.7532 hit on Tuesday.

COMMODITY MARKETS

Gold prices nudged lower early today, after gaining nearly one percent in the previous session on weaker U.S. economic data and concerns by some Federal Reserve policymakers about lower inflation. Spot gold was down 0.1 percent at \$1,290.74 per ounce. Crude inventories and on expectations that an OPEC-led production cut aimed at tightening the market will be extended beyond March 2018.

EXPECTED INTRA-DAY RANGES FOR TODAY

EUR/USD	- A range of	1.1800-1.1875
GBP/USD	- A range of	1.3300-1.3350
AUD/USD	- A range of	0.7600-0.7650
USD/JPY	- A range of	111.00-111.50

MARKET WATCH

- * Euro zone Market manufacturing PMI flash
- * Britain GDP 2nd Release
- * Germany Detailed GDP

MONEY MARKET

LOCAL MARKET

Overnight call-money traded between 8.10-8.20% on Wednesday. Net market liquidity with the Central Bank was a Surplus of Rs 28.34 Bn on Wednesday from a surplus of Rs 28.46 Bn on Tuesday.

U.S. TREASURIES

U.S. Treasury prices gained slightly after the minutes from the Federal Reserve's latest meeting on Wednesday affirmed market expectations that it will hike rates in December, with trading volumes subdued before Today's Thanksgiving holiday. Benchmark 10-year notes gained 10/32 in price to yield 2.32 percent, down from 2.36 percent on Tuesday.

SPOT RATES

USD/LKR	153.45-154.05
EUR/USD	1.1819-1.1820
GBP/USD	1.3323-1.3327
USD/JPY	111.21-111.24
USD/CAD	1.2707-1.2711
AUD/USD	0.7605-0.7607
USD/SGD	1.3471-1.3477
USD/INR	64.79- 64.80
GOLD	1,289.00-, 1289.20
CRUDE	57.89-57.92

LIBOR %

	USD	EUR	JPY	GBP
1M	1.31	(0.40)	(0.03)	0.49
3M	1.45	(0.38)	(0.04)	0.53
6M	1.64	(0.31)	0.00	0.59
1Y	1.93	(0.24)	0.12	0.78

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

3Months	8.40
6Months	8.90
12Months	9.46

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

2 Year	9.60
3Year	9.80
4 Year	10.00
5 Year	10.05
6 Year	10.10
7 Year	10.15
8Year	10.20

CLIBOR %(22/11/17) 8.14

SLIBOR % (22/11/17)

Overnight	8.10-8.20
1 Week	8.33
1 Month	9.11
3Months	10.04
6Months	11.76

MONEY MARKET RATES

Overnight	8.05 - 8.15
1 Week	8.25 - 8.35
2 Weeks	8.40 - 8.60
3 Weeks	8.60 - 8.75
1 Month	8.75 - 9.00

AWPLR %

Week ending 17/11	11.29
Week ago	11.38
Year ago	11.95

AWDR %

Sept 2017	9.25
Oct 2017	9.22
Year ago	7.56

INFLATION (%)

		YoY
Oct 17	(NCPI)	8.8
Sep 17	(NCPI)	8.6
	YoY	12M W. Av
Oct (CCPI)	7.8	6.1
Sep (CCPI)	7.1	5.8
Year ago (CCPI)	4.1	4.0