



# HNB TREASURY COMMENTARY

## FOREIGN EXCHANGE MARKET

### USD/LKR

USD/LKR (spot) quoted within a range of 153.10.-153.70 on Wednesday.

### FOREX MARKET

The dollar edged up against its peers on Thursday, shaking off earlier losses versus the yen, supported by signs that investors' risk appetite was improving again and optimism on U.S. tax reforms. The greenback was 0.1 percent higher at 112.370 yen after dropping by 0.25 percent overnight. The dollar had slipped against the yen after President Donald Trump on Wednesday recognized Jerusalem as the capital of Israel, imperiling Middle East peace efforts and upsetting Washington's friends and foes alike. - Sterling touched a one-week low in volatile trading on Wednesday amid growing concerns that a Brexit deal may be unlikely before next week's key EU summit. Brexit negotiations can move to phase two next week only on the basis of a tentative Irish border agreement that collapsed on Monday, otherwise talks to break the impasse will resume in the new year, Irish Prime Minister Leo Vardakas said on Wednesday. The Northern Irish party that props up May's minority Conservative government rejected a proposal this week on the post-Brexit border with Ireland that could have helped move forward negotiations on Britain's exit from the European Union. The Australian dollar slipped to more than two-week lows on Thursday after data showed the country's trade surplus slumped in October on weaker iron ore prices, while its New Zealand cousin remained within recent ranges.

### COMMODITY MARKETS

Gold prices edged lower early on Thursday, hovering close to a two-month low hit earlier this week, amid a steady dollar. Oil prices inched up on Thursday on a decrease in U.S. crude inventories, but rising gasoline stocks and crude production weighed on the market.

### EXPECTED INTRA-DAY RANGES FOR TODAY

EUR/USD	– A range of	1.1780-1.1820
GBP/USD	– A range of	1.3350-1.3400
AUD/USD	– A range of	0.7540-0.7580
USD/JPY	– A range of	112.20-112.75

### MARKET WATCH

Germany	Industrial output	Oct
France	Trade data	Oct
Euro zone	Revised GDP	Q3
U.S.	Weekly jobless claims	

## MONEY MARKET

### LOCAL MARKET

Overnight call-money traded at 8.15% on Wednesday. Net market liquidity with the Central Bank was a Surplus of Rs 36.54 Bn on Wednesday from a surplus of Rs 27.30 Bn on Tuesday

### U.S. TREASURIES

U.S. Treasury yields fell across the board on Wednesday as risk appetite slid after a sell-off in some foreign equity markets, with further pressure coming from a batch of largely underwhelming U.S. economic data and geopolitical risks.

## SPOT RATES

USD/LKR	153.00-153.60
EUR/USD	1.1798-1.1802
GBP/USD	1.3383-1.3384
USD/JPY	112.43-112.46
USD/CAD	1.2798-1.2799
AUD/USD	0.7550-0.7552
USD/SGD	1.3482-1.3484
USD/INR	64.34- 64.50
GOLD	1,263.30-, 1264.20
CRUDE	56.12-56.14

### LIBOR %

	USD	EUR	JPY	GBP
1M	1.40	(0.40)	(0.04)	0.50
3M	1.51	(0.38)	(0.02)	0.52
6M	1.71	(0.31)	0.01	0.58
1Y	1.99	(0.25)	0.10	0.77

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

3Months	7.97
6Months	8.76
12Months	9.34

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

2 Year	9.50
3Year	9.85
4 Year	10.03
5 Year	10.05
6 Year	10.15
7 Year	10.15
8Year	10.20
CLIBOR %(06/12/17)	8.14
SLIBOR % (06/12/17)	

Overnight	8.15
1 Week	8.35
1 Month	9.10
3Months	10.05
6Months	11.74

### MONEY MARKET RATES

Overnight	8.10 - 8.15
1 Week	8.20– 8.30
2 Weeks	8.40– 8.55
3 Weeks	8.60– 8.75
1 Month	9.00– 9.25

### AWPLR %

Week ending 30/11	11.43
Week ago	11.48
Year ago	11.62

### AWDR %

Nov 2017	9.19
Oct 2017	9.22
Year ago	7.56

### INFLATION (%)

		YoY
Oct 17	(NCPI)	8.8
Sep 17	(NCPI)	8.6
	YoY	12M W. Av
Nov(CCPI)	7.6	6.4
Oct (CCPI)	7.8	6.1
Year ago (CCPI)	4.0	4.0