



**HNB TREASURY COMMENTARY**

**FOREIGN EXCHANGE MARKET**

**USD/LKR**

USD/LKR (spot) quoted within a range of 155.45-156.05 on Wednesday.

**FOREX MARKET**

The dollar struggled against the yen today as investors sought shelter in the safe-haven Japanese currency on concerns over the possibility of Western military action against Syria. The geopolitical tensions shifted some focus away from the U.S.-China trade standoff, with the dollar last trading little changed at 106.810 yen after losing 0.4 percent overnight. The yen often draws demand in times of market turmoil and political tensions. The dollar had risen to 107.400 yen on Tuesday after comments from Chinese President Xi Jinping calmed fears over a U.S.-China trade war, which had absorbed global financial markets over the past few weeks. Tensions increased after U.S. President Donald Trump warned Russia on Wednesday of imminent military action in Syria over a suspected poison gas attack, declaring that missiles "will be coming" and attacking Moscow for standing by Syrian President Bashar al-Assad. Sterling has hit its firmest level against a trade-weighted basket of currencies since shortly after Britain voted to leave the European Union in June, 2016, data showed on Wednesday, as the pound enjoys broad-based gains. The Australian and New Zealand dollars came off multi-week highs on Wednesday as risk appetite took a knock on worries the United States and its western allies were planning a military strike on Syria. The Australian dollar slipped 0.2 percent to \$0.7747 from a three-week high of \$0.7770 touched earlier in the day. The New Zealand dollar eased 0.1 percent to \$0.7355 after climbing to \$0.7376, the highest since Feb. 21.

**COMMODITY MARKETS**

Gold prices eased off multi-week highs today as minutes from the Federal Reserve's last policy meeting raised expectations for a faster pace of U.S. rate hikes. Spot gold was down 0.1 percent at \$1,351.48 an ounce and U.S. gold futures fell 0.4 percent to \$1,355 an ounce. Oil markets remained tense today on concerns of a military escalation in Syria, but prices were some way off Wednesday's 2014 highs as bulging American supplies weighed. Brent crude futures were at \$71.98 per barrel, down 8 cents from their last close.

**EXPECTED INTRA-DAY RANGES FOR TODAY**

EUR/USD	- A range of	1.2340-1.2400
GBP/USD	- A range of	1.4150-1.4220
AUD/USD	- A range of	0.7730-0.7790
USD/JPY	- A range of	106.50-107.15

**MARKET WATCH**

- \* U.S. Import prices March
- \* U.S. Weekly jobless claims

**MONEY MARKET**

**LOCAL MARKET**

Overnight call-money traded between 7.80-7.95% on Wednesday. Net market liquidity with the Central Bank was a Surplus of Rs 17.79 Bn on Wednesday from a Surplus of Rs 38.32 Bn on Tuesday.

**U.S. TREASURIES**

U.S. Treasury yields declined on Wednesday on escalating geopolitical tensions after President Donald Trump warned Russia of imminent military action in Syria over a suspected poison gas attack. U.S. benchmark 10-year note and 30-year bond yields, which move inversely to prices, slid to one-week lows, while 2-year yields slipped after two days of gains.

**SPOT RATES**

USD/LKR	155.60-155.80
EUR/USD	1.2367-1.2371
GBP/USD	1.4183-1.4184
USD/JPY	106.92-106.95
USD/CAD	1.2571-1.2575
AUD/USD	0.7759-0.7761
USD/SGD	1.3084-1.3087
USD/INR	65.30- 65.32
GOLD	1,350.18-1350.32
CRUDE	66.86-66.88

**LIBOR %**

	USD	EUR	JPY	GBP
<b>1M</b>	1.89	(0.40)	(0.04)	0.51
<b>3M</b>	2.33	(0.36)	(0.03)	0.76
<b>6M</b>	2.46	(0.32)	0.01	0.87
<b>1Y</b>	2.70	(0.24)	0.11	1.04

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

3Months	Rejected
6Months	Rejected
12Months	9.71

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

2 Year	9.70
3 Year	9.65
4 Year	9.85
5 Year	9.85
6 Year	10.07
7 Year	10.10
8 Year	10.10

**CLIBOR % (11/04/18)** 7.86

**SLIBOR % (11/04/18)**

Overnight	7.93
1 Week	8.42
1 Month	9.17
3Months	10.02
6Months	10.66

**MONEY MARKET RATES**

Overnight	7.90 - 8.00
1 Week	8.00 - 8.25
2 Weeks	8.40- 8.50
3 Weeks	8.60- 8.75
1 Month	9.00 - 9.25

**AWPLR %**

Week ending 06/04	11.12
Week ago	11.55
Year ago	11.79

**AWDR %**

March 2018	9.00
Feb 2018	9.05
Year ago	8.81

**INFLATION (%)**

	YoY
Feb 18 (NCPI)	3.2
Mar 18 (NCPI)	5.4

	YoY	12M W. Av
Mar (CCPI)	4.2	6.1
Feb (CCPI)	4.5	6.4
Year ago (CCPI)	7.3	5.0