



HNB TREASURY COMMENTARY

FOREIGN EXCHANGE MARKET

USD/LKR

USD/LKR (spot) quoted within a range of 155.80-156.40 on Monday.

FOREX MARKET

The dollar steadied today as the market's focus shifted back to U.S. trade policy as investors gambled U.S.-led attacks on Syria would not escalate into a wider conflict in the Middle East. An index that tracks the dollar against a basket of six currencies was little changed after a 0.4 percent fall on Monday, which took it to 89.424, near its two-week low of 89.355 last week. Against the yen, the dollar softened to 107.12 yen, off its seven-week high of 107.78 yen touched on Friday as traders fixed for a meeting between U.S. President Donald Trump and Japanese Prime Minister Shinzo Abe on Tuesday and Wednesday. Tokyo is eager to avoid being pushed into talks on a two-way free trade agreement aimed not only at market access but at monetary and currency policies. The pound pushed past the \$1.43 mark on Monday and approached a post-Brexit referendum high as investors' focus shifted to data that could cement expectations of a May interest rate increase and away from Britain's military intervention in Syria. The Australian and New Zealand dollars were underpinned on Monday as gambles a U.S.-led strike on Syria would prove a one-off event gave a modest fillip to risk sentiment. The Australian dollar inched up 0.1 percent to \$0.7776, consolidating sizable gains made last week. The New Zealand dollar started the week little changed at \$0.7358, having recoiled from a \$0.7395 peak on Friday.

COMMODITY MARKETS

Gold prices edged higher today as the U.S. dollar slipped further, making bullion less expensive for holders of other currencies. Spot gold was up 0.2 percent at \$1,348.82 an ounce, and U.S. gold futures were up 0.1 percent to \$1,351.5 an ounce. Oil prices rose today amid worries there could be a high risk of disruptions to supply, especially in the Middle East. Brent crude oil futures were at \$71.80 per barrel, up 38 cents, or 0.5 percent, from their last close.

EXPECTED INTRA-DAY RANGES FOR TODAY

EUR/USD	- A range of	1.2350-1.2400
GBP/USD	- A range of	1.4310-1.4370
AUD/USD	- A range of	0.7740-0.7800
USD/JPY	- A range of	106.80-107.40

MARKET WATCH

- * U.S. Industrial production March
- * China GDP Q1

MONEY MARKET

LOCAL MARKET

Overnight call-money traded between 7.80-7.95% on Monday. Net market liquidity with the Central Bank was a Surplus of Rs 16.92 Bn on Monday from a Deficit of Rs 12.23 Bn on Thursday.

U.S. TREASURIES

The U.S. yield curve reached its flattest level in over a decade on Monday afternoon as the White House said President Trump will nominate economist Richard Clarida as Federal Reserve Vice Chairman. The yield on the 10-year benchmark government bond was last up at 2.832 percent from its last close at 2.828 percent.

SPOT RATES

USD/LKR	155.80-156.15
EUR/USD	1.2380-1.2381
GBP/USD	1.4336-1.4339
USD/JPY	107.02-107.05
USD/CAD	1.2572-1.2573
AUD/USD	0.7771-0.7772
USD/SGD	1.3097-1.3098
USD/INR	65.49- 65.51
GOLD	1,347.70-1347.84
CRUDE	66.50-66.52

LIBOR %

	USD	EUR	JPY	GBP
1M	1.89	(0.40)	(0.04)	0.52
3M	2.35	(0.36)	(0.04)	0.78
6M	2.49	(0.32)	0.01	0.89
1Y	2.73	(0.24)	0.11	1.05

**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	9.80
4 Year	9.95
5 Year	10.05
6 Year	10.15
7 Year	10.20
8 Year	10.30

CLIBOR % (16/04/18) 7.89

SLIBOR % (16/04/18)

Overnight	7.95
1 Week	8.41
1 Month	9.14
3Months	10.02
6Months	10.64

MONEY MARKET RATES

Overnight	7.85 - 7.90
1 Week	8.00 - 8.20
2 Weeks	8.10- 8.30
3 Weeks	8.15- 8.45
1 Month	8.25 - 8.75

AWPLR %

Week ending 12/04	11.44
Week ago	11.12
Year ago	11.78

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