



**HNB TREASURY COMMENTARY**

**FOREIGN EXCHANGE MARKET**

**USD/LKR**

USD/LKR (spot) quoted within a range of 158.00-158.60 on Wednesday.

**FOREX MARKET**

The dollar stood tall against a basket of currencies today, as the euro retreated to a five-month low on concerns the political developments in Italy could cause wider disruptions in the common currency bloc. The euro was 0.05 percent higher at \$1.1813 after sliding overnight to \$1.1763, its lowest since Dec. 18. Political uncertainty in Italy, where populist parties have pushed to forge a common platform in a bid to lead the next government, have been a major drag on the euro. The dollar index against a basket of six major currencies was a shade lower at 93.298 after rising on Wednesday to 93.632, its highest since Dec. 19. The dollar was steady at 110.380 yen. A rise above 110.450 would take the greenback to its highest since Feb. 2 versus its Japanese peer. Sterling fell on Wednesday back towards its weakest level of the year amid fresh worries about Britain's Brexit negotiations, a new leg higher in the dollar's rally and after relatively modest UK wage growth earlier in the week. The Australian dollar briefly fell on Wednesday after slower-than-expected wages growth strengthened views that interest rates in the country will stay lower for longer, while its New Zealand cousin stayed near a recent five-month trough. The Australian dollar went as low as \$0.7447 just after the data, about 0.4 percent down from the day's high. It was last at \$0.7574, within spitting distance of a recent 11-month trough of \$0.7413.

**COMMODITY MARKETS**

Gold prices were mostly steady today after touching their lowest level this year in the previous session, with the U.S. dollar hovering below its 2018-peak. Spot gold was nearly unchanged at \$1,290.64 per ounce, after marking its lowest since Dec. 27 in the previous session at \$1,286.20. U.S. gold futures for June delivery were down 0.1 percent at \$1,290.10 per ounce. Oil prices firmed today, with Brent crude creeping ever closer to \$80 per barrel, a level it has not seen since November 2014, as supplies tighten while demand remains strong. Brent crude futures were at \$79.32 per barrel at 0027 GMT, up 4 cents from their last close.

**EXPECTED INTRA-DAY RANGES FOR TODAY**

EUR/USD	- A range of	1.1790-1.1860
GBP/USD	- A range of	1.3465-1.3590
AUD/USD	- A range of	0.7480-0.7570
USD/JPY	- A range of	109.90-110.60

**MARKET WATCH**

- \*China House prices Apr
- \*U.S. Industrial production Apr

**MONEY MARKET**

**LOCAL MARKET**

Overnight call-money traded between 7.85-7.95% on Wednesday. Net market liquidity with the Central Bank was a Surplus of Rs 11.87 Bn on Wednesday from a Surplus of Rs 3.01 Bn on Tuesday.

**U.S. TREASURIES**

U.S. Treasury yields rose on Wednesday as the 10-year yield reached seven-year highs and tested key technical support at 3.10 percent, which may touch off another wave of bond sales if it rises much further above that level. The 10-year Treasury yield was up 1.5 basis points at 3.096 percent after touching 3.104 percent, which was the highest level since July 2011.

**SPOT RATES**

USD/LKR	158.00-158.30
EUR/USD	1.1831-1.1833
GBP/USD	1.3564-1.3568
USD/JPY	110.14-110.15
USD/CAD	1.2749-1.2755
AUD/USD	0.7543-0.7548
USD/SGD	1.3376-1.3379
USD/INR	67.77- 67.78
GOLD	1,293.30-1294.10
CRUDE	71.71-71.73

**LIBOR %**

	USD	EUR	JPY	GBP
<b>1M</b>	1.93	(0.39)	(0.04)	0.49
<b>3M</b>	2.32	(0.35)	(0.02)	0.64
<b>6M</b>	2.49	(0.31)	0.02	0.75
<b>1Y</b>	2.75	(0.24)	0.11	0.92

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

3Months	8.33
6Months	8.90
12Months	9.70

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

2 Year	10.05
3 Year	10.10
4 Year	10.20
5 Year	10.45
6 Year	10.55
7 Year	10.60
8Year	10.65

**CLIBOR % (16/05/18)** 7.88

**SLIBOR % (16/05/18)**

Overnight	7.91
1 Week	8.27
1 Month	8.77
3Months	10.02
6Months	10.62

**MONEY MARKET RATES**

Overnight	7.90 - 7.95
1 Week	8.00 - 8.20
2 Weeks	8.15- 8.25
3 Weeks	8.25- 8.40
1 Month	8.35 - 8.75

**AWPLR %**

Week ending 11/05	11.27
Week ago	11.45
Year ago	11.89

**AWDR %**

Apr 2018	8.98
Mar 2018	9.00
Year ago	8.89

**INFLATION (%)**

		YoY
Mar 18	(NCPI)	2.8
Feb 18	(NCPI)	3.2

	YoY	12M W. Av
Apr (CCPI)	3.8	5.9
Mar (CCPI)	4.2	6.1
Year ago (CCPI)	6.9	5.3