



# HNB TREASURY COMMENTARY

## FOREX MARKET

The dollar firmed against the pound and euro on Monday as British efforts to secure a Brexit deal ahead of a key European Union summit kept global investors' preference to safe haven currencies. The euro traded around 0.1 percent lower on Monday, while the sterling lost 0.34 percent after hitting an October high on Friday. The dollar index, a measure of its value against six major peers, was up 0.1 percent at 95.31. The problem of Britain's land border with Ireland has dissatisfied a drive to clinch a Brexit deal, as negotiators over the weekend admitted defeat after marathon talks and pressed pause for the coming days. The pound is also under pressure after former British foreign minister Boris Johnson's comments in a newspaper column on Sunday that Britain must stand up to bullies in the European Union and press for a "super Canada" deal. The yen strengthened versus the dollar on Monday. The yen has strengthened in the last six out of seven trading sessions versus the dollar, as a global risk-off sentiment kept a safe haven bid active on the Japanese currency. U.S. Treasury Secretary Steven Mnuchin said on Saturday that Washington wants to include a provision to deter currency manipulation in future trade deals, including with Japan, based on the currency chapter in the new deal to revamp NAFTA. The remark drew concern in Japan, where local media ran front-page stories questioning whether this would give Washington the right to label as currency manipulation any future foreign exchange market interventions by Tokyo to keep sharp yen rises in check. The Australian and New Zealand dollars were ending a tough week on an upbeat note on Friday as Chinese data beat expectations despite the ongoing tussle over tariffs, while a lull in the equity rout helped risk appetite in general.

## COMMODITY MARKETS

Gold prices rose early on Monday as Asian stocks eased due to concerns about a potential decline in China's economic growth amid an ongoing trade war and signs of tighter monetary policy by the U.S. Federal Reserve. Crude oil futures rose sharply on Monday as geopolitical tensions over the disappearance of a prominent Saudi journalist stoked worries about supply, although concerns about the long-term outlook for demand dragged on prices.

## EXPECTED INTRA-DAY RANGES FOR TODAY

EUR/USD	– A range of	1.1515-1.1590
GBP/USD	– A range of	1.3065-1.3195
AUD/USD	– A range of	0.7080-0.7140
USD/JPY	– A range of	111.75-112.50

## MARKET WATCH

*U.S. Export prices	Sep
*U.S. Import prices	Sep

## MONEY MARKET

### LOCAL MARKET

Overnight call-money traded between 8.40 - 8.45% on Friday. Net market liquidity with the Central Bank was a Deficit of Rs. 21.59 Bn on Friday from a Deficit of Rs 24.56 Bn on Thursday.

### U.S. TREASURIES

U.S. Treasury yields edged higher on Friday, rising from the previous session on Wall Street's selloff, as equities recovered globally and investors unwound safe-haven bids.

## SPOT RATES

EUR/USD	1.1552-1.1554
GBP/USD	1.3113-1.3114
USD/JPY	112.12-112.15
USD/CAD	1.3018-1.3019
AUD/USD	0.7109-0.7110
USD/SGD	1.3786-1.3788
USD/INR	73.57- 73.58
GOLD	1,221.45-1,221.58
CRUDE	72.13-72.15

### LIBOR %

	USD	EUR	JPY	GBP
1M	2.27	(0.41)	(0.10)	0.72
3M	2.43	(0.34)	(0.09)	0.81
6M	2.65	(0.32)	0.01	0.90
1Y	2.96	(0.21)	0.12	1.08

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

3Months	9.28
6Months	Not Offered
12Months	10.19

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

2 Year	11.45
3 Year	11.80
4 Year	11.90
5 Year	11.95
6 Year	12.00
7 Year	12.15
8Year	12.25

CLIBOR % (12/10/18) 8.45

SLIBOR % (12/10/18)

Overnight	8.45
1 Week	8.68
1 Month	9.23
3Months	10.02
6Months	10.60

### MONEY MARKET RATES

Overnight	8.25 - 8.45
1 Week	8.45 – 8.50
2 Weeks	8.50– 8.75
3 Weeks	8.75– 8.90
1 Month	8.90 – 9.10

### AWPLR %

Week ending 12/10	12.34
Week ago	11.86
Year ago	11.63

### AWDR %

September 2018	8.69
August 2018	8.66
Year ago	9.25

### INFLATION (%)

	YoY
Aug 18 (NCPI)	2.5
July 18 (NCPI)	3.4

### YoY 12M W. Av

Sep (CCPI)	4.3	5.4
Aug (CCPI)	5.9	5.6
Year ago (CCPI)	7.1	5.8