



HNB TREASURY COMMENTARY

FOREX MARKET

The dollar was little changed against most of its major peers on Wednesday but made gains against the yen as upbeat Wall Street earnings turned global sentiment away from safe haven assets. The three main Wall Street indexes each rose by more than two percent as blue-chips delivered strong earnings indicating that the U.S. economic recovery is on track despite the impact of rising interest rates and global trade war tensions. Data on Tuesday showed that U.S. industrial production increased for a fourth straight month in September, boosted by gains in manufacturing and mining output, but momentum slowed sharply in the third quarter. The dollar index a measure of its value against six major peers traded flat at 95.08 on Wednesday. The greenback gained 0.13 percent against the Japanese yen on Wednesday. The yen had strengthened over seven out of eight sessions prior to Tuesday and hit a one-month high of 111.61 on Monday. Market participants are awaiting further cues for the dollar's direction with minutes from the Federal Reserve's September meeting due for release on Wednesday. Investors are looking for clues on many how additional interest rate increases are likely this year. The pound rose above \$1.32 on Tuesday on stronger-than-expected labour data, but investors said doubts about a European Union summit yielding much progress on Brexit would limit the currency's advance. Negotiations are deadlocked over the status of the border between Northern Ireland and EU-member Ireland after Britain leaves the bloc in March. The Australian and New Zealand dollars held their ground on Wednesday as a rebound in global equities pointed to some improvement in risk appetite after a rough couple of weeks.

COMMODITY MARKETS

Gold prices held steady on Wednesday despite a rise in equities, with investors waiting for minutes from the U.S. Federal Reserve's latest policy meeting for any fresh clues on the pace of interest rate hikes. U.S. oil prices extended gains on Wednesday after industry data showed a surprise decline in U.S. crude inventories.

EXPECTED INTRA-DAY RANGES FOR TODAY

EUR/USD	– A range of	1.1540-1.1600
GBP/USD	– A range of	1.3155-1.3215
AUD/USD	– A range of	0.7110-0.7165
USD/JPY	– A range of	112.05-112.65

MARKET WATCH

- *UK Consumer prices Sep
- *U.S. Federal Reserve releases minutes from its Sept. 25-26 policy meeting

MONEY MARKET

LOCAL MARKET

Overnight call-money traded between 8.35 - 8.50% on Tuesday. Net market liquidity with the Central Bank was a Deficit of Rs. 28.28 Bn on Tuesday from a Deficit of Rs 18.92 Bn on Monday.

U.S. TREASURIES

U.S. Treasury yields were little changed on Tuesday as the bond market settled into a tight trading range in the aftermath of wild swings stemming from worries about inflation and a rout across global equities.

SPOT RATES

EUR/USD	1.1563-1.1565
GBP/USD	1.3176-1.3181
USD/JPY	112.39-112.42
USD/CAD	1.2945-1.2949
AUD/USD	0.7135-0.7137
USD/SGD	1.3747-1.3752
USD/INR	73.47- 73.48
GOLD	1,222.51-1,223.31
CRUDE	72.03-72.05

LIBOR %

	USD	EUR	JPY	GBP
1M	2.28	(0.40)	(0.10)	0.72
3M	2.44	(0.34)	(0.08)	0.81
6M	2.65	(0.32)	0.01	0.90
1Y	2.96	(0.21)	0.12	1.07

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	11.25
3 Year	11.45
4 Year	11.65
5 Year	11.70
6 Year	11.85
7 Year	11.90
8Year	12.00

CLIBOR % (16/10/18) 8.44

SLIBOR % (16/10/18)

Overnight	8.45
1 Week	8.70
1 Month	9.22
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