



HNB TREASURY COMMENTARY

FOREX MARKET

The dollar weakened on Thursday against the Pound and Euro, which rose after Britain's prime minister won cabinet approval for her draft Brexit plan, although concerns about whether the proposal can clear parliamentary hurdles capped broader gains. Prime Minister Theresa May won the backing of her senior ministers for a European Union divorce deal on Wednesday, pushing the Euro and Sterling up 0.8 % and 1.2% against the dollar, respectively, from their intraday lows hit on Monday. The draft divorce deal with the European Union struck on Tuesday would allow the United Kingdom to leave the EU with a deal that avoids a chaotic "hard Brexit" departure. The dollar index, a gauge of the currency's performance against six major peers, traded at 96.97, off a 16-month hit on Monday. The recent correction in the dollar index has been due to rallies in the euro and sterling, which together constitute around 70 % of the weight in the index. Despite their support, both pound and euro traded in narrow ranges in early Asian trade with analysts still seeing firm support for the safe haven greenback amid broader concerns about Brexit and global trade tensions. Against the Japanese yen, the dollar gained 0.02 percent to trade at 113.63. Analysts think the dollar still remains the more favoured flight-to-safety currency over the yen and Swiss franc. The Australian dollar gained 0.55 percent to trade at \$0.7275 on the back of stronger than expected jobs data on Thursday. China has delivered a written response to U.S. demands for wide-ranging trade reforms, three U.S. government sources said on Wednesday, a move that could trigger negotiations to bring an end to a withering trade war between the world's top economies.

COMMODITY MARKETS

Gold prices held steady on Thursday, after rising nearly a percent in the previous session, as the dollar retreated further from a 16-month peak against a basket of currencies. U.S. oil prices fell on Thursday, resuming declines after an industry group said U.S. inventories had risen more than expected and shrugging off a report that OPEC and other producers plan to cut output.

EXPECTED INTRA-DAY RANGES FOR TODAY

EUR/USD	– A range of	1.1218-1.1515
GBP/USD	– A range of	1.2905-1.3065
AUD/USD	– A range of	0.7170-0.7420
USD/JPY	– A range of	113.00-114.55

MARKET WATCH

UK Retail Sales	EU Trade Balance
US Retail Sales	

MONEY MARKET

LOCAL MARKET

Overnight call-money traded between 8.90% - 9.00% on Wednesday. Net market liquidity with the Central Bank was a Deficit of Rs. 82.98 Bn on Wednesday from a Deficit of Rs 84.86 Bn on Tuesday.

U.S. TREASURIES

U.S. Treasury yields fell yesterday, as investors fretted about renewed weakness on Wall Street, which could signal much deeper problems in the world's largest economy. U.S. 30-year, 10-year, and two-year yields dropped to two-week lows.

SPOT RATES

EUR/USD	1.1326-1.1327
GBP/USD	1.3001-1.3002
USD/JPY	113.55-113.57
USD/CAD	1.3232-1.3235
AUD/USD	0.7272-0.7273
USD/SGD	1.3768-1.3773
USD/INR	72.31- 72.32
GOLD	1,210.20-1,210.22
CRUDE	55.98-55.99

LIBOR %

	USD	EUR	JPY	GBP
1M	2.31	(0.41)	(0.09)	0.73
3M	2.62	(0.36)	(0.09)	0.88
6M	2.86	(0.33)	0.01	0.99
1Y	3.13	(0.22)	0.12	1.15

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

3Months	10.07
6Months	Rejected
12Months	11.25

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

2 Year	11.40
3 Year	11.50
4 Year	11.55
5 Year	11.70
6 Year	11.80
7 Year	12.00
8 Year	12.10

CLIBOR % (14/11/18) 8.97

SLIBOR % (14/11/18)

Overnight	8.93
1 Week	9.04
1 Month	9.53
3Months	10.27
6Months	10.93

MONEY MARKET RATES

Overnight	8.95 - 9.00
1 Week	9.10 – 9.35
2 Weeks	9.25– 9.50
3 Weeks	9.40– 9.70
1 Month	9.50 – 10.00

AWPLR %

Week ending 09/11	11.95
Week ago	12.25
Year ago	11.25

AWDR %

October 2018	8.73
September 2018	8.69
Year ago	9.22

INFLATION (%)

	YoY
Sep 18 (NCPI)	0.9
Aug 18 (NCPI)	2.5

	YoY	12M W. Av
Oct (CCPI)	3.1	5.0
Sep (CCPI)	4.3	5.4
Year ago (CCPI)	7.8	6.1