



**HNB TREASURY COMMENTARY**

**FOREX MARKET**

The pound largely held onto overnight gains on Thursday after British Prime Minister Theresa May pulled through a no-confidence vote on her leadership that bought her more time to try to sell her unpopular Brexit deal to a deeply divided parliament. The euro edged higher against the dollar after Italy lowered its deficit target for next year and said it expected the European Commission to accept its new 2019 budget proposal. The dollar index, which measures the greenback against six major rivals, was steady at 97.032. It had fallen from a near one-month high overnight, losing almost half a percent, its steepest drop in two weeks. With Britain due to leave the EU on March 29, parliament's opposition has suddenly opened up possibilities including a potentially disorderly exit with no deal or even another referendum on membership. The euro edged higher after tacking on nearly 0.5 percent during the previous session. The single currency's moves were covered by caution ahead of a closely-watched policy meeting by the European Central Bank later in the day. The ECB is all but certain to formally end its lavish bond purchase scheme on Thursday but will take an increasingly dim view on growth, raising the likelihood that its next step in trimming stimulus will be delayed. Against the Japanese yen, the dollar rose 0.1 percent. China's offshore yuan held steady amid growing signs of a possible easing in tensions in the country's trade dispute with the United States. China's central bank faces a test next week if the U.S. Federal Reserve raises interest rates as widely expected. The Australian dollar held near a one-week high as riskier assets were boosted by signs of progress in Sino-U.S. trade relations, while New Zealand's currency was steady as the government unveiled a healthy budget.

**COMMODITY MARKETS**

Gold prices dipped early on Thursday as the dollar steadied after declining from a near one-month high in the previous session, while palladium rose to a record high, trading at a premium to the bullion. U.S. oil prices edged up on Thursday, sustained by a drawdown in inventories and by signs of easing trade tensions between Washington and Beijing.

**EXPECTED INTRA-DAY RANGES FOR TODAY**

EUR/USD	– A range of	1.1345-1.1395
GBP/USD	– A range of	1.2595-1.2670
AUD/USD	– A range of	0.7195-0.7250
USD/JPY	– A range of	113.00-113.70

**MARKET WATCH**

- \* U.S. Import prices Nov
- \* U.S. Export prices Nov
- \* U.S. Weekly jobless claims

**MONEY MARKET**

**LOCAL MARKET**

Overnight call-money traded between 8.80% - 9.00% on Wednesday. Net market liquidity with the Central Bank was a Deficit of Rs.86.25 Bn on Wednesday from a Deficit of Rs 65.58 Bn on Tuesday.

**U.S. TREASURIES**

U.S. Treasury yields climbed on Wednesday on signs of progress in U.S.-China trade discussions and easing tensions on Britain's exit from the European Union after UK Prime Minister Theresa May looked to have garnered enough support to survive a no-confidence vote.

**SPOT RATES**

EUR/USD	1.1366-1.1371
GBP/USD	1.2617-1.2620
USD/JPY	113.48-113.50
USD/CAD	1.3355-1.3359
AUD/USD	0.7228-0.7230
USD/SGD	1.3710-1.3712
USD/INR	72.02- 72.03
GOLD	1,244.13-1,244.31
CRUDE	51.41-51.45

**LIBOR %**

	USD	EUR	JPY	GBP
<b>1M</b>	2.43	(0.41)	(0.19)	0.73
<b>3M</b>	2.77	(0.35)	(0.11)	0.90
<b>6M</b>	2.88	(0.32)	(0.01)	1.02
<b>1Y</b>	3.08	(0.21)	0.10	1.14

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

3Months	Not Offered
6Months	10.03
12Months	11.24

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

2 Year	11.45
3 Year	11.65
4 Year	11.80
5 Year	11.85
6 Year	12.00
7 Year	12.00
8Year	12.05

**CLIBOR % (12/12/18)** 8.92

**SLIBOR % (12/12/18)**

Overnight	9.00
1 Week	9.26
1 Month	9.98
3Months	10.44
6Months	10.91

**MONEY MARKET RATES**

Overnight	9.00- 9.25
1 Week	9.25 – 9.75
2 Weeks	9.50– 10.00
3 Weeks	9.75– 10.25
1 Month	10.00 – 10.50

**AWPLR %**

Week ending 07/12	11.81
Week ago	12.03
Year ago	11.43

**AWDR %**

November 2018	8.77
October 2018	8.73
Year ago	9.19

**INFLATION (%)**

		YoY
Oct 18	(NCPI)	0.1
Sep 18	(NCPI)	0.9

	YoY	12M W. Av
Nov (CCPI)	3.3	4.6
Oct (CCPI)	3.1	5.0
Year ago (CCPI)	7.6	6.4