

## TREASURY COMMENTARY – 23 OCTOBER 2020

### LOCAL MARKET

#### **MONEY**

Overnight call-money traded at 4.53% on Thursday (22.10.2020). Net market liquidity with the Central Bank was a Surplus of Rs 203.34 Bn on Thursday from a Surplus of Rs.210.69 Bn on Wednesday (21.10.2020).

#### **USD/LKR MARKET VOLUMES**

VOLUME (USD Mn)  
AS AT 22.10.2020

Cash	14.50
Tom	9.00
Spot	27.30
Forwards	12.97

#### **MARKET LEVELS**

Cash	183.85/184.95
Spot	183.87/184.97

### INTERNATIONAL MARKET

#### **FOREX**

The dollar took stock at the end of a poor week in Asian trade on Friday, having shed about a cent against the euro and suffered its largest weekly drop against the yen in a month, as investors began to bet on a Biden presidency and big U.S. stimulus.

The dollar has lifted from Wednesday's seven-week low against a basket of currencies, but still sits about 0.8% lower for the week and in the bottom half of a months' long range.

The risk-sensitive Australian dollar inched 0.1% higher early on Friday and is about 0.7% firmer this week in Asian trade, with further gains capped by a growing expectation that the Reserve Bank of Australia will cut rates when it meets in November.

The New Zealand dollar slipped 0.1% Friday after softer-than-expected inflation data, but has gained almost 1% for the week.

The Japanese yen dipped overnight after U.S. House Speaker Nancy Pelosi said there was progress in stimulus talks, but it is about half a percent higher for the week and has ground nearly 3% higher since April.

The euro has gained 0.8% this week, though pulled back overnight as COVID-19 cases surge in Europe.

#### **COMMODITIES**

Gold prices dipped on Friday, weighed by a stronger dollar, as investors kept a close watch on the final U.S. presidential election debate and sought further clarity on a coronavirus aid package. Oil prices held on to gains made on the previous session on Friday, after Russian President Vladimir Putin indicated he would be prepared to extend record supply cuts in the face of the COVID-19 pandemic.

# ECONOMIC INDICATORS

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

<b>3 Months</b>	Rejected
<b>6 Months</b>	3.87
<b>12 Months</b>	4.13

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

<b>2 Year</b>	5.50
<b>3Year</b>	5.70
<b>4 Year</b>	6.02
<b>5 Year</b>	6.35
<b>6 Year</b>	6.58
<b>7 Year</b>	6.85
<b>8 Year</b>	7.05

## LIBOR

	USD	EUR	JPY	GBP
<b>1 Month</b>	0.14	(0.56)	(0.08)	0.04
<b>3 Months</b>	0.21	(0.53)	(0.09)	0.04
<b>6 Months</b>	0.24	(0.50)	(0.05)	0.07
<b>12 Months</b>	0.33	(0.45)	0.04	0.12

## AWPLR %

<b>Week ending 16/10</b>	6.51
<b>Week ago</b>	6.32
<b>Year ago</b>	10.42

## AWDR %

<b>Sep 2020</b>	6.44
<b>Aug 2020</b>	6.74
<b>Year ago</b>	8.51

## INFLATION (%)

	July 2020	August 2020	September 2020	Year ago
<b>NCPI (YoY)</b>	6.1	6.2	6.4	5.0
<b>CCPI(YoY)</b>	4.2	4.1	4.0	5.0
<b>(12MW.Av)</b>	4.8	4.8	4.7	3.9

## TREASURY DIVISION

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