

## TREASURY COMMENTARY – 20 NOVEMBER 2020

### LOCAL MARKET

#### **MONEY**

Overnight call-money traded in a range of 4.53%-4.55% on Thursday (19.11.2020). Net market liquidity with the Central Bank was a Surplus of Rs 172.62 Bn on Thursday from a Surplus of Rs.167.79 Bn on Wednesday (18.11.2020).

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

VOLUME (USD Mn)  
AS AT 19.11.2020

Cash	4.00
Tom	7.75
Spot	19.78
Forwards	33.75

#### **MARKET LEVELS**

Cash	184.60/185.80
Spot	184.62/185.82

### INTERNATIONAL MARKET

#### **FOREX**

The dollar halted its week-long slide in Asian trading on Friday after U.S. Treasury Secretary Steven Mnuchin told the Federal Reserve to return money earmarked for pandemic lending to businesses, nonprofits and local governments. While the move was aimed at re-appropriating some \$455 billion allocated to Treasury under the CARES Act in the spring, some investors were concerned about ending programmes that they think have played a vital role in reassuring markets.

The news helped to stop the dollar's slide spurred after reports that U.S. Senate Republican leaders have agreed to resume negotiations on another coronavirus stimulus package. For over a week, the dollar has been losing ground against riskier currencies due to coronavirus vaccine breakthroughs and hopes of reduced political uncertainty after the U.S. election. The dollar index stood at 92.349, off Thursday's low of 92.236, though it is still down 0.34% on the week. The euro fetched \$1.1869, flat on the day but not far from this week's high of \$1.18935 touched on Tuesday and up 0.3% on week. The yen stood at 103.83 per dollar, retaining its weekly gain of 0.8%. The British pound was on the defensive after the Times newspaper reported that European leaders will urge the European Commission to publish no-deal Brexit plans as the year-end deadline approaches. The currency changed hands at \$1.3247. ver the past two days. Outside the dollar index basket currencies, the Australian dollar, which has strong sensitivity to economic sentiment, dipped 0.1% to \$0.7273, having erased most of its gains this week. The Chinese yuan eased about 0.1% to 6.5796 to the dollar after hitting a 2 1/2-year high of 6.5318 on Wednesday. Elsewhere, bitcoin retained its bullish tone, trading at \$17.867, near a three-year high touched on Wednesday.

#### **COMMODITIES**

Gold prices fell on Friday, weighed by uncertainty over more U.S. stimulus measures. U.S. oil prices slipped on Friday, dropping for a second day as concerns mounted about the hit to demand from the surge in COVID-19 infections forcing new lockdowns, but prices were supported by signs of movement on a stimulus deal in Washington.

## ECONOMIC INDICATORS

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

<b>3 Months</b>	4.61
<b>6 Months</b>	<b>4.73</b>
<b>12 Months</b>	4.98

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

<b>2 Year</b>	5.85
<b>3Year</b>	6.05
<b>4 Year</b>	6.35
<b>5 Year</b>	6.50
<b>6 Year</b>	6.70
<b>7 Year</b>	7.10
<b>8 Year</b>	7.20

### LIBOR

	USD	EUR	JPY	GBP
<b>1 Month</b>	0.15	(0.58)	(0.09)	0.04
<b>3 Months</b>	0.21	(0.54)	(0.10)	0.05
<b>6 Months</b>	0.26	(0.52)	(0.06)	0.06
<b>12 Months</b>	0.34	(0.47)	0.06	0.14

### AWPLR %

<b>Week ending 13/11</b>	6.04
<b>Week ago</b>	5.96
<b>Year ago</b>	10.26

### AWDR %

<b>Oct 2020</b>	6.23
<b>Sept 2020</b>	6.44
<b>Year ago</b>	8.37

### INFLATION (%)

	August 2020	September 2020	October 2020	Year ago
<b>NCPI (YoY)</b>	6.2	6.4	-	5.0
<b>CCPI(YoY)</b>	4.1	4.0	4.0	5.4
<b>(12MW.Av)</b>	4.8	4.7	4.6	4.0

### TREASURY DIVISION

Level-11

**Tel: FX: 2664843-6 (Priyantha/Chaaminda/Chandika/Ramesha) Fax: 2664854**

**Interest Rates: 2664850-3 (Priyantha / Thayalan/ Sanka)**

**E-mail: [forex@hnb.lk](mailto:forex@hnb.lk) Fitch Rating: AA+(lka.)**