

**TREASURY COMMENTARY – 23 FEBRUARY 2021**LOCAL MARKET**MONEY**

Overnight call-money traded in the range of 4.54% - 4.55% on Monday (22.02.2021). Net market liquidity with the Central Bank was a Surplus of Rs 168.62 Bn on Monday from a Surplus of Rs.165.29 Bn on Friday (19.02.2021).

**USD/LKR MARKET VOLUMES**VOLUME (USD Mn)  
AS AT 22.02.2021

Cash	9.85
Tom	14.50
Spot	7.15
Forwards	41.50

**MARKET LEVELS**

Cash	192.00/195.50
Spot	192.02/195.52

INTERNATIONAL MARKET**FOREX**

The dollar nursed losses near a six-week low in Asian trade on Tuesday as investors' focus shifted to how U.S. Federal Reserve chief Jerome Powell might respond to resurgent inflation expectations.

The U.S. dollar index sat at 90.019 on Tuesday, just above its lowest since mid-January.

The Australian dollar traded at \$0.7913 and the New Zealand dollar \$0.7323, with both trading broadly steady early in the Asia session.

The euro made a small gain to \$1.2165 and is poised to re-test resistance around \$1.2220.

Sterling, which has rallied nearly 3% this year as a speedy vaccine rollout has inspired confidence in the prospect of a British economic rebound, held above \$1.40 at \$1.4067.

The Japanese yen, which has been the worst performing major currency of 2021 because it is sensitive to tumbling U.S. Treasury prices, steadied at 105.02 per dollar.

Elsewhere bitcoin steadied above \$50,000 after a wild overnight ride where it traded in a \$10,000 range and dropped as low as \$47,400.

**COMMODITIES**

Gold prices traded near a one-week peak on Tuesday after gaining 1.5% in the previous session, as U.S. Treasury yields retreated, lifting the appeal of the bullion. Oil prices jumped by more than \$1 on Tuesday, as U.S. output was slow to return after a deep freeze in Texas shut in crude production last week.

## ECONOMIC INDICATORS

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

<b>3 Months</b>	4.82
<b>6 Months</b>	4.93
<b>12 Months</b>	5.09

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

<b>2 Year</b>	6.00
<b>3Year</b>	6.70
<b>4 Year</b>	6.80
<b>5 Year</b>	7.05
<b>6 Year</b>	7.40
<b>7 Year</b>	7.55
<b>8 Year</b>	7.85

### LIBOR

	USD	EUR	JPY	GBP
<b>1 Month</b>	0.11	(0.57)	(0.06)	0.03
<b>3 Months</b>	0.17	(0.54)	(0.07)	0.06
<b>6 Months</b>	0.20	(0.52)	(0.04)	0.07
<b>12 Months</b>	0.28	(0.49)	0.05	0.13

### AWPLR %

<b>Week ending 19/02</b>	5.69
<b>Week ago</b>	5.83
<b>Year ago</b>	9.52

### AWDR %

<b>Jan 2021</b>	5.58
<b>Dec 2020</b>	5.80
<b>Year ago</b>	8.14

### INFLATION (%)

	November 2020	December 2020	January 2021	Year ago
<b>NCPI (YoY)</b>	5.2	4.6	3.7	6.2
<b>CCPI(YoY)</b>	4.1	4.2	3.0	5.7
<b>(12MW.Av)</b>	4.6	4.6	4.3	4.5

### TREASURY DIVISION

Level-11

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