

**TREASURY COMMENTARY – 9 APRIL 2021**LOCAL MARKET**MONEY**

Overnight call-money traded in the range of 4.60% - 4.70% on Thursday (08.04.2021). Net market liquidity with the Central Bank was a Surplus of Rs 111.36 Bn on Thursday from a Surplus of Rs.115.01 Bn on Wednesday (07.04.2021).

**USD/LKR MARKET VOLUMES**VOLUME (USD Mn)  
AS AT 08.04.2021

Cash	0.75
Tom	17.00
Spot	22.09
Forwards	56.80

**MARKET LEVELS**

Cash	199.00/203.00
Spot	199.02/203.02

INTERNATIONAL MARKET**FOREX**

The dollar was headed for its worst week of the year in Asian trade on Friday as unexpectedly strong economic data in Europe, downbeat U.S. jobs figures and a determinedly accommodative Federal Reserve have prompted investors to unwind some bets on the greenback.

The euro and yen are also poised for their largest weekly percentage gains in five months while the dollar index, which has fallen 1% this week, is parked near a two-week low at 92.066.

Early in the Asia session, the euro traded above its 200-day moving average at \$1.1916, just short of Thursday's two-week top at \$1.1928, while the yen pushed through its 20-day moving average to hold at 109.325 per dollar. The euro is up 1.4% against the dollar this week and the yen is up 1.3%.

The euro has also risen more than 2% against the pound this week, bouncing from a one-year low of 84.70 pence on Monday to hit 86.81 pence in Asia on Friday amid growing concerns about Britain's reliance on AstraZeneca's vaccine. Sterling was an outlier against the dollar this week and has fallen half a percent to sit at \$1.3744.

The Aussie last sat at \$0.7657, up 0.8% for the week, while the New Zealand dollar climbed to \$0.7060, up 0.6% on the week.

**COMMODITIES**

Gold on Friday held near a more than one-month peak scaled in the previous session, with bullion set for a weekly gain of over 1%, as a weakness in the dollar and Treasury yields offered support along with a surprise jump in U.S. jobless claims. Oil prices edged up in early Asian trade on Friday, supported by a weaker dollar, as investors weighed rising supplies and the impact on fuel demand from the COVID-19 pandemic.

## ECONOMIC INDICATORS

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

<b>3 Months</b>	5.08
<b>6 Months</b>	5.12
<b>12 Months</b>	5.15

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

<b>2 Year</b>	6.25
<b>3Year</b>	6.65
<b>4 Year</b>	6.85
<b>5 Year</b>	7.20
<b>6 Year</b>	7.55
<b>7 Year</b>	7.65
<b>8 Year</b>	8.00

### LIBOR

	USD	EUR	JPY	GBP
<b>1 Month</b>	0.11	(0.57)	(0.07)	0.04
<b>3 Months</b>	0.18	(0.54)	(0.07)	0.08
<b>6 Months</b>	0.21	(0.52)	(0.04)	0.10
<b>12 Months</b>	0.28	(0.50)	0.05	0.16

### AWPLR %

<b>Week ending 01/04</b>	5.78
<b>Week ago</b>	5.75
<b>Year ago</b>	9.24

### AWDR %

<b>March 2021</b>	5.20
<b>Feb 2021</b>	5.36
<b>Year ago</b>	7.90

### INFLATION (%)

	January 2021	February 2021	March 2021	Year ago
<b>NCPI (YoY)</b>	3.7	4.2	-	8.1
<b>CCPI(YoY)</b>	3.0	3.3	4.1	5.4
<b>(12MW.Av)</b>	4.3	4.1	4.0	4.7

### 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-(Ika.)**