

TREASURY COMMENTARY – 20 APRIL 2021LOCAL MARKET**MONEY**

Overnight call-money traded in the range of 4.60% - 4.80% on Monday (19.04.2021). Net market liquidity with the Central Bank was a Surplus of Rs 101.08 Bn on Monday from a Surplus of Rs.80.79 Bn on Friday (16.04.2021).

USD/LKR MARKET VOLUMES

VOLUME (USD Mn)

AS AT 19.04.2021

Cash	15.50
Tom	-
Spot	26.90
Forwards	35.00

MARKET LEVELS

Cash	199.25/204.25
Spot	199.27/204.27

INTERNATIONAL MARKET**FOREX**

The dollar wallowed near a six-week low against its peers in Asian trade on Tuesday as the euro led a rally on the back of a brightening outlook for the region's vaccination programme. The dollar had already been losing traction as U.S. bond yields have hovered below a 14-month peak touched last month, reducing the greenback's yield attraction. The euro rose to \$1.2038, having touched a six-week high of \$1.2048 on Monday while the British pound gained 1% overnight, its second biggest daily gain so far this year, and last stood at \$1.3989. Some analysts say support for the euro likely came from the announcement that the European Union has secured an additional 100 million doses of COVID-19 vaccine by BioNTech and Pfizer. The U.S. got ahead of the curve in the first quarter, but other countries are going to be quickly catching up." The dollar index dropped to 91.085, having lost 2.5% from its five-month peak hit last month. The moves are the reverse of what was happening in the first three months of the year when the dollar gained against the very same major currencies as yields rose on U.S. Treasuries and offered higher returns on the greenback. Against the yen, the dollar fell to as low as 107.975 yen, its weakest in more than six weeks, and last traded at 108.15. The 10-year U.S. Treasuries yield hit a one-month low of 1.529% last week. Though it ticked up to 1.605% by Monday it stood well below its March peak of 1.776%, when investors speculated the Federal Reserve could tone down its dovish policy guidance. The Australian dollar held firm at \$0.7769 after hitting a one-month high of \$0.7784 on Monday. The offshore Chinese yuan firmed to 6.5075 per dollar, near its highest level in almost one month. Gold also hit a 7-week high of \$1,790 per ounce on Monday and last stood at \$1,770.6. Bitcoin changed hands at \$54,122, down 1.5% after four straight days of losses.

COMMODITIES

Gold prices edged lower on Tuesday, moving away from a seven-week high hit in the last session, as a rebound in U.S. Treasury yields overshadowed support from a sagging dollar. Oil prices rose on Tuesday as a weaker U.S. dollar supported commodities and on expectations that crude inventories fell in the United States, the world's biggest oil user, though rising coronavirus cases in Asia capped gains.

ECONOMIC INDICATORS

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

3 Months	5.09
6 Months	5.12
12 Months	5.15

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

2 Year	6.30
3Year	6.70
4 Year	6.85
5 Year	7.25
6 Year	7.75
7 Year	7.80
8 Year	7.85

LIBOR

	USD	EUR	JPY	GBP
1 Month	0.11	(0.57)	(0.07)	0.04
3 Months	0.18	(0.54)	(0.07)	0.08
6 Months	0.22	(0.52)	(0.05)	0.11
12 Months	0.28	(0.49)	0.05	0.15

AWPLR %

Week ending 16/04	5.75
Week ago	5.43
Year ago	9.31

AWDR %

March 2021	5.20
Feb 2021	5.36
Year ago	7.90

INFLATION (%)

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

TREASURY DIVISION

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