

TREASURY COMMENTARY – 22 OCTOBER 2021LOCAL MARKET**MONEY**

Overnight call-money traded in the range of 5.80 % - 5.95 % on Thursday (21.10.2021). Net market liquidity with the Central Bank was a deficit of Rs 99.52 Bn on Thursday from a deficit of Rs. 85.58 Bn on Monday (18.10.2021).

USD/LKR MARKET VOLUMESVOLUME (USD Mn)
AS AT 21.10.2021

Cash	12.00
Tom	9.00
Spot	22.00
Forwards	36.00

MARKET LEVELS (Indicative Levels)

198.00 / 203.00

INTERNATIONAL MARKET**FOREX**

The dollar was firmer early in Asian trade on Friday, helped higher by upbeat economic data though was headed for its second week of declines while commodities currencies slipped as traders rejigged their positions after this week's brisk rally.

Better jobs and housing data and rising U.S. Treasury yields helped the dollar rise towards the end of the U.S. session on Thursday, gains it held in Asian hours.

The dollar index was last at 93.736, up from the three-and-a-half-week low of 93.494 it had touched a day earlier.

The late gains day on Thursday were broad-based with the euro, sterling and Aussie dollar all losing ground on the greenback.

The Canadian dollar slipped to C\$1.2369 per U.S. dollar, off Thursday's C\$1.2287, a level last seen in June.

The Australian dollar also lost some ground, with the currency buying \$0.7455, off Thursday's three-month top.

The British pound stood at \$1.3784, also off a month peak hit earlier in the week.

The euro was at \$1.1621 little changed, while the yen wobbled within sight of its multi-year lows, with one dollar worth 114.07 yen, compared with 114.69 earlier in the week, a four-year low.

COMMODITIES

Gold prices edged lower in choppy trading, pressured by rising U.S. bond yields that countered support from concerns over rising inflation and China's troubled property sector. Oil prices resumed their climb on continued tightness in U.S. supply, but were headed for a flat finish on the week as coal and gas prices eased, curbing fuel-switching which had stoked demand for oil products for power.

ECONOMIC INDICATORS

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

3 Months	8.39
6 Months	8.16
12 Months	8.17

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

2 Year	9.25
3 Year	9.60
4 Year	10.25
5 Year	11.00
6 Year	11.50
7 Year	11.60
8 Year	11.75

LIBOR

	USD	EUR	JPY	GBP
1 Month	0.08	(0.57)	(0.07)	0.12
3 Months	0.12	(0.55)	(0.08)	0.21
6 Months	0.17	(0.54)	(0.06)	0.42
12 Months	0.29	(0.48)	0.06	0.73

AWPLR %

Week ending 15/10	6.95
Week ago	6.71
Year ago	6.51

AWDR %

September 2021	4.75
August 2021	4.75
Year ago	6.44

INFLATION (%)

	July 2021	August 2021	September 2021	Year ago
NCPI (YoY)	6.8	6.7	6.2	6.4
CCPI(YoY)	5.7	6.0	5.7	4.0
(12MW.Av)	4.2	4.3	4.5	4.7

TREASURY DIVISION

Level-11

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