

TREASURY COMMENTARY – 29 NOVEMBER 2021

LOCAL MARKET

MONEY

Overnight call-money traded in the range of 5.85 % - 5.95 % on Friday (26.11.2021). Net market liquidity with the Central Bank was a deficit of Rs 194.49 Bn on Friday from a deficit of Rs. 211.69 Bn on Thursday (25.11.2021).

USD/LKR MARKET VOLUMES

VOLUME (USD Mn)
AS AT 26.11.2021

Cash	25.00
Tom	04.50
Spot	07.65
Forwards	30.00

MARKET LEVELS (Indicative Levels)

198.00 / 203.00

INTERNATIONAL MARKET

FOREX

Currency markets calmed in Asian trade on Monday after the initial shock of the discovery of the Omicron coronavirus variant sent investors scurrying for cover last week, but analysts warned of more volatility with little still known about the new strain.

The risk-sensitive Australian dollar rose 0.37% to \$0.7139, recovering after a 1% tumble on Friday that saw it dip to \$0.71125 for the first time since Aug. 20.

The Canadian dollar also rebounded, with the greenback sliding 0.57% to C\$1.2726, off the previous session's two-month high at C\$1.2800.

The safe-haven yen, which had been the biggest beneficiary of the flight to quality, slipped 0.25% to 113.75 per dollar. The Japanese currency surged as much as 2% at one point on Friday to 113.05.

The South African rand recovered from Friday's one-year low at 16.3675 per dollar, jumping 0.93% to 16.1400.

South Africa discovered the Omicron variant last week, and countries globally have been quick to tighten border controls with mutations in the spike protein suggesting it could be resistant to current vaccines.

Despite the speed of the response, Omicron has since been detected in places including Australia, Britain, Canada, Germany and Hong Kong.

COMMODITIES

Gold prices edged higher on Monday, as concerns over the impact of the possibly vaccine-resistant Omicron coronavirus variant supported the precious metal's safe-haven appeal. Oil prices rose on Monday, recouping some losses after Friday's plunge of about \$10 a barrel, as investors looked for bargains but remained cautious with the focus on the Omicron coronavirus variant and Iran nuclear deal negotiations.

ECONOMIC INDICATORS

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

3 Months	7.53
6 Months	8.02
12 Months	8.16

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

2 Year	8.75
3 Year	9.42
4 Year	9.90
5 Year	10.50
6 Year	10.90
7 Year	11.45
8 Year	11.60

LIBOR

	USD	EUR	JPY	GBP
1 Month	0.09	(0.57)	(0.06)	0.06
3 Months	0.17	(0.58)	(0.08)	0.10
6 Months	0.24	(0.55)	(0.05)	0.27
12 Months	0.41	(0.49)	0.05	0.63

AWPLR %

Week ending 26/11	8.17
Week ago	8.03
Year ago	5.83

AWDR %

October 2021	4.79
September 2021	4.75
Year ago	6.23

INFLATION (%)

	August 2021	September 2021	October 2021	Year ago
NCPI (YoY)	6.7	6.2	8.3	6.4
CCPI(YoY)	6.0	5.7	7.6	4.0
(12MW.Av)	4.3	4.5	4.8	4.6

TREASURY DIVISION

Level-11

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