

TREASURY COMMENTARY – 30 NOVEMBER 2021

LOCAL MARKET

MONEY

Overnight call-money traded in the range of 5.85 % - 5.95 % on Monday (29.11.2021). Net market liquidity with the Central Bank was a deficit of Rs 159.31 Bn on Monday from a deficit of Rs. 194.49 Bn on Friday (26.11.2021).

FIXED INCOME SECURITIES

At the Treasury Bond auction held on 29 November 2021, maturities of 15.03.2025 and 15.05.2030 were sold at the weighted averages of 9.67 percent and 11.63 percent respectively.

USD/LKR MARKET VOLUMES

VOLUME (USD Mn)
AS AT 29.11.2021

MARKET LEVELS (Indicative Levels)

198.00 / 203.00

Cash	17.60
Tom	05.60
Spot	12.65
Forwards	-

INTERNATIONAL MARKET

FOREX

The dollar traded above the one-week low against major peers it hit last week in Asian trade on Tuesday, as fears eased that the new Omicron coronavirus variant would derail the U.S. recovery and delay Federal Reserve interest rate hikes.

The safe-haven yen stabilized some half a percent off its strongest level since Nov. 11, reached on Monday. The euro meandered about a third of a percent below Monday's one-week high.

The risk-sensitive Australian dollar drifted about 0.4% from a three-month low. Australia's dollar edged higher to \$0.7146, continuing its recovery from Friday's low at \$0.71125.

Traders took comfort from remarks by President Joe Biden that the United States would not reinstate lockdowns, as well as a South African doctor's comments that the new strain causes milder symptoms.

At the same time, the World Health Organization warned of a "very high" risk of infection surges from Omicron, and countries around the world have reacted quickly to tighten border controls.

The dollar index, which measures the currency against six major rivals, last traded at 96.203, up from a low of 95.973 from Friday, when it suffered its biggest one-day drop since May.

The greenback added 0.24% to 113.80 yen, after dropping to 112.99 on Monday.

The euro was about flat at \$1.12955, off Monday's high at \$1.1335.

The single currency had slumped to a nearly 17-month trough of \$1.1186 as European Central Bank policy makers stuck to their dovish stance in the face of heated inflation. The latest reading on euro area consumer prices is due later Tuesday.

COMMODITIES

Gold prices were flat on Tuesday, as cautious investors assessed the extent to which the Omicron coronavirus variant could hurt the global economy. Oil prices climbed on Tuesday, extending a rebound from last week's plunge on growing expectations major producers would pause plans to add crude supply in January amid uncertainty over the severity of the Omicron coronavirus variant.

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	(0.59)	(0.06)	0.06
3 Months	0.17	(0.59)	(0.08)	0.10
6 Months	0.24	(0.55)	(0.05)	0.27
12 Months	0.41	(0.50)	0.04	0.64

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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