

TREASURY COMMENTARY – 24th November 2022

DOMESTIC MARKET

USD/LKR

CBSL left interbank spot middle rate unchanged at 363.50. The interbank market remained inactive with most banks using internal flows to manage clients payments.

USD/LKR Market Volume (USD Mn) on 23.11.2022

Cash	21.3
Tom	-
Spot	5.00
Forward	15.15

MONEY

Overnight call-money traded at 15.50 % on Wednesday (23.11.2022). Net market liquidity was a deficit of Rs 158.04 Bn on Wednesday from a deficit of Rs 162.53 Bn on Tuesday.

Central Bank left the benchmark interest rates unchanged at 14.50% and 15.50% at the meeting held on 23rd November 2022.

FOREIGN MARKET

FOREX

The U.S. dollar was broadly weaker in Asian trading on Thursday as investors, encouraged the prospect of a slower pace of interest rate hikes from the Federal Reserve, placed bets on riskier assets.

The dollar index, which measures the greenback against six major peers, was down 0.066% at 105.830, after sliding 1% overnight.

The Australian dollar rose 0.25% versus the greenback at \$0.675, while the kiwi was 0.26% higher at \$0.625.

The euro was up 0.23% at \$1.0419, while sterling was last trading at \$1.2083, up 0.26% on the day. The pound rose 1.4% overnight after preliminary British economic activity data beat expectations, though it still showed that a contraction was underway.

The Japanese yen strengthened 0.54% versus the greenback to 138.84 per dollar.

U.S. markets will be closed on Thursday for Thanksgiving and liquidity will likely be thinner than usual.

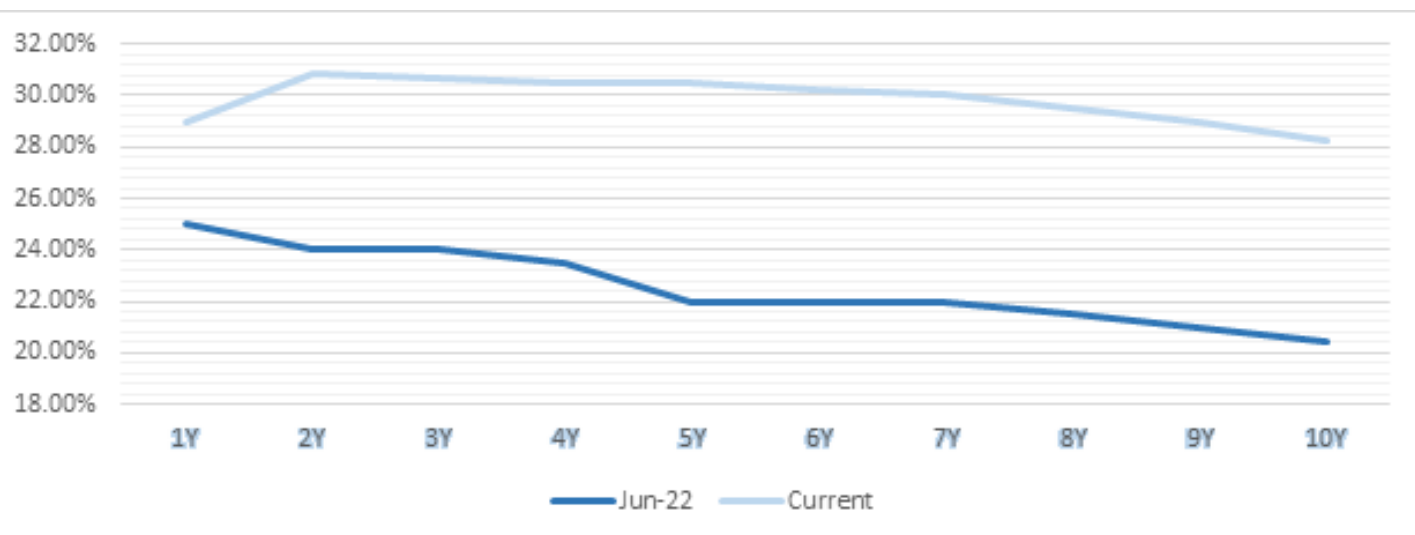
COMMODITIES

Gold prices firmed above the key \$1,750 an ounce level on Thursday, consolidating gains after minutes of the U.S. Federal Reserve's latest policy meeting signalled slower interest rate hikes.

Oil prices fell on Thursday, extending losses from the previous session, as fears of supply disruption eased on news that the Group of Seven (G7) nations were considering a high price cap on Russian oil.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
Week ending 18/11 28.61
Week ago 28.54
Year ago 8.03

AWDR %
Oct 2022 12.60
Sep 2022 11.63
Year ago 4.79

T BILL%
3M 32.92
6M 32.45
1Y 29.52

INFLATION (%)

	August 2022	September 2022	October 2022	Year ago
NCPI (YoY)	70.2	73.7	70.6	8.3
NCPI (core)	60.5	64.1	62.4	7.2
NCPI (12m ave)	31.3	36.9	42.2	5.7
CCPI(YoY)	64.3	69.8	66.0	7.6
CCPI (core)	46.6	50.2	49.7	6.3
CCPI (12m ave)	28.0	33.4	38.3	4.8

CBSL reserves	2559.61 Bn	LIBOR	USD	EUR	JPY	GBP
CBSL T-bill stock	3.951 Tn	1M	4.04	1.42	(0.06)	3.11
Market liquidity	(158.04) Bn	3M	4.76	1.86	(0.05)	3.60
Foreign holding LKR bills/bonds	24.90 Bn	6M	5.23	2.34	0.03	4.17
		1Y	5.64	2.85	(0.05)	5.00

TREASURY DIVISION

Level-11

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(Sources: Reuters, Bloomberg)