

## TREASURY COMMENTARY – 25<sup>th</sup> November 2022

### DOMESTIC MARKET

#### USD/LKR

CBSL reduced interbank spot middle rate by 50 cents to 363.00 today. Interbank market remained inactive with most banks using internal flows to manage client trades .

#### USD/LKR Market Volume (USD Mn) on 24.11.2022

Cash	-
Tom	1.00
Spot	1.00
Forward	3.00

#### MONEY

Overnight call-money traded at 15.50 % on Thursday (24.11.2022). Net market liquidity was a deficit of Rs 154.34 Bn on Thursday from a deficit of Rs 158.04 Bn on Wednesday.

### FOREIGN MARKET

#### FOREX

The dollar stood close to a three-month low and was on track for a weekly loss in Asian trading on Friday, as the prospect of the Federal Reserve slowing monetary policy tightening as soon as December dominated investors' minds and kept the mood buoyant.

Sterling rose more than 0.5% overnight and last stood at \$1.21125, close to its over three-month high of \$1.2153 hit in the previous session and on track for a nearly 2% weekly gain.

The Japanese yen jumped roughly 0.7% overnight, and last bought 138.60 per dollar.

Against a basket of currencies, the U.S. dollar index stood at 105.94, testing its three-month trough of 105.30 hit last week. It was headed for a weekly loss of nearly 1%.

The euro was 0.06% lower at \$1.04045, but remained close to \$1.0481, its highest level in over four months hit last week.

The Aussie fell 0.17% to \$0.6753, after rising more than 0.4% overnight. The kiwi slid 0.19% to \$0.6252, but that was not far off its three-month peak hit in the previous session.

Over in China, markets were also closely watching an impending cut in banks' reserve requirement ratio (RRR).

The Chinese offshore yuan was last 0.1% lower at 7.1759 per dollar.

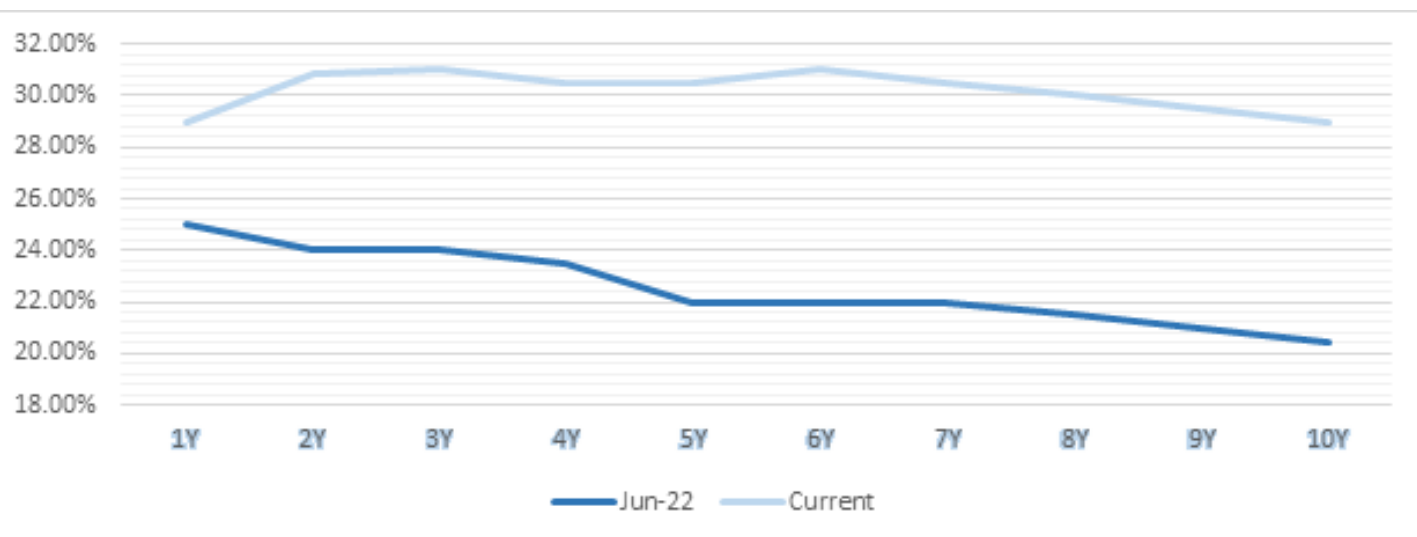
#### COMMODITIES

Gold prices were flat on Friday, but they were set for a small weekly gain buoyed by the dollar's overall retreat on a perceived dovish tilt to the U.S. Federal Reserve's interest rate hike strategy.

Oil rose in early trade on Friday, trimming some of the week's losses which have been driven by worries about Chinese demand and expectations a high price cap planned by the Group of Seven (G7) nations on Russian oil will keep supply flowing.

# 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	4.03	1.45	(0.06)	3.17
Market liquidity	(154.34) Bn	3M	4.74	1.90	(0.05)	3.59
Foreign holding LKR bills/bonds	24.90 Bn	6M	5.18	2.36	0.03	4.15
		1Y	5.56	2.85	(0.05)	4.63

### TREASURY DIVISION

Level-11

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(Sources: Reuters, Bloomberg)