

TREASURY COMMENTARY – 25 MARCH 2019

LOCAL MARKET

MONEY

Overnight call-money traded at 8.75% - 8.90% on Friday. Net market liquidity with the Central Bank was a Deficit of Rs. 10.51 Bn on Friday from a Deficit of Rs. 18.73 Bn on Thursday.

USD/LKR MARKET VOLUMES

VOLUME (USD Mn)

AS AT 22.03.2019

Cash	17.00
Tom	4.00
Spot	24.40
Forwards	21.00

MARKET LEVELS

Cash	177.60/178.60
Spot	177.65/178.65

INTERNATIONAL MARKET

FOREX

The dollar edged back from a six-week low against the yen early on Monday, as a degree of calm returned to the market gripped by fears of a recession in the United States. The dollar was up roughly 0.2 percent at 110.13 yen after sinking to 109.745 on Friday, its lowest since Feb. 11.

Cautious comments from the U.S. Federal Reserve last week had also raised worries about the growth outlook in the United States and the rest of the world.

The dollar index was unchanged at 96.651 after scraping out a gain of 0.15 percent on Friday.

The euro was little changed at \$1.1297. The common currency has lost roughly 0.7 percent on Friday after a much weaker-than-expected German manufacturing survey raised concerns for Europe's biggest economy and the wider euro zone.

The Aussie dollar was stuck at \$0.7075, having failed miserably to hold last week's brief top at \$0.7168. A general rush to safety mostly benefited the Japanese yen, slapping the Aussie down almost 1.2 percent on Friday to last stand at 77.85.

The kiwi managed a little better at \$0.6875, but was still well short of its recent high of \$0.6938. It has support at \$0.6828, with resistance around \$0.6890.

The pound was 0.1 percent lower at \$1.3200. Sterling had rallied 0.8 percent on Friday, helped by a weaker euro and after European Union leaders gave British Prime Minister Theresa May a two-week reprieve to decide how Britain will leave the European Union.

COMMODITIES

Gold prices firmed on Monday as concerns about a potential U.S. recession and decelerating global growth weighed on stock markets, which increased appetite for safer assets. Oil prices dropped on Monday as concerns of a sharp economic slowdown outweighed supply disruptions from OPEC's production cutbacks and U.S. sanctions on Iran and Venezuela.

ECONOMIC INDICATORS

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

3 Months	9.49
6 Months	9.79
12 Months	10.52

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

2 Year	10.55
3Year	10.70
4 Year	10.85
5 Year	11.00
6 Year	11.05
7 Year	11.10
8 Year	11.20

LIBOR

	USD	EUR	JPY	GBP
1 Month	2.49	(0.41)	(0.10)	0.72
3 Months	2.60	(0.33)	(0.06)	0.83
6 Months	2.67	(0.29)	0.01	0.93
12 Months	2.78	(0.18)	0.09	1.05

SLIBOR (22/03/2019)

Overnight	8.88%
1 Week	9.32%
1 Month	10.25%
3 Months	11.01%
6 Months	11.51%

AWPLR %

Week ending 22/03	12.22
Week ago	12.17
Year ago	10.82

AWDR %

February 2019	8.88
January 2019	8.85
Year ago	9.05

INFLATION (%)

	December 2018	January 2019	February 2019	Year ago
NCPI (YoY)	0.4	1.2	2.4	3.2
CCPI (YoY)	2.8	3.7	4.0	4.5
(12M W.Av)	4.3	4.1	4.1	6.4

TREASURY DIVISION

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