

TREASURY COMMENTARY – 12 APRIL 2019

LOCAL MARKET

MONEY

Overnight call-money traded at 8.45% - 8.55% on Thursday. Net market liquidity with the Central Bank was a Deficit of Rs. 16.09 Bn on Thursday from a Deficit of Rs. 7.55 Bn on Wednesday.

USD/LKR MARKET VOLUMES

VOLUME (USD Mn)

AS AT 11.04.2019

Cash	14.25
Tom	21.00
Spot	52.75
Forwards	31.00

MARKET LEVELS

Cash	174.15/175.15
Spot	174.20/175.20

INTERNATIONAL MARKET

FOREX

The dollar held firm on Friday after strong U.S. labour and inflation data soothed concerns about the world's largest economy, while falling oil prices weighed on commodity-linked currencies such as the Canadian and Australian dollars.

The dollar index against a basket of six major currencies was steady at 97.166 after climbing 0.25 percent the previous day. The index was headed for a weekly loss of 0.25 percent, having stumbled at the start of the week as Treasury yields fell in the wake of a mixed March U.S. non-farm jobs report. Data released on Thursday showed first-time filings for U.S. jobless benefits dropped to a 49-1/2-year low last week, pointing to sustained labour market strength. Overall producer prices increased 0.6% in March, the largest rise since October.

The dollar was little changed at 111.72 yen after gaining 0.6 percent overnight on the robust U.S. data.

The pound was steady at \$1.3053 after dipping 0.25 percent the previous day against the broadly firmer dollar.

Volatility for sterling plunged after a midweek deal at an emergency European Union summit to postpone Britain's exit from the bloc to Oct. 31 meant it would not crash out this week without a treaty to smooth its passage.

The Canadian dollar was more or less steady at C\$1.3385 per dollar after shedding 0.5 percent the previous day as crude oil prices retreated from five-month highs.

The Australian dollar dipped 0.1 percent to \$0.7117 to extend losses from a day earlier, when it sank 0.7 percent.

The euro nudged up 0.1 percent to \$1.1262 after losing 0.2 percent on Thursday. The single currency has risen about 0.4 percent this week.

COMMODITIES

Gold prices steadied on Friday, having posted their biggest daily decline in two weeks in the previous session after robust U.S. economic data lifted the dollar. Oil prices were firm on Friday, supported by ongoing supply cuts led by producer club OPEC and by U.S. sanctions on petroleum exporters Iran and Venezuela.

ECONOMIC INDICATORS

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

3 Months	9.09
6 Months	9.29
12 Months	9.99

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

2 Year	10.20
3Year	10.45
4 Year	10.65
5 Year	10.75
6 Year	10.80
7 Year	10.90
8 Year	11.05

LIBOR

	USD	EUR	JPY	GBP
1 Month	2.48	(0.41)	(0.09)	0.72
3 Months	2.60	(0.35)	(0.06)	0.82
6 Months	2.62	(0.30)	0.00	0.94
12 Months	2.74	(0.20)	0.08	1.07

SLIBOR (11/04/2019)

Overnight	8.54%
1 Week	9.23%
1 Month	10.13%
3 Months	10.71%
6 Months	11.51%

AWPLR %

Week ending 05/04	11.94
Week ago	12.23
Year ago	11.79

AWDR %

March 2019	8.98
February 2019	8.88
Year ago	9.00

INFLATION (%)

	January 2019	February 2019	March 2019	Year ago
NCPI (YoY)	1.2	2.4	-	3.2
CCPI (YoY)	3.7	4.0	4.3	4.2
(12M W.Av)	4.1	4.1	4.1	6.1

TREASURY DIVISION

Level-11

Tel: FX: 2664843-6 (Priyantha/Chaaminda/Chandika/Ramesha) Fax: 2664854

Interest Rates: 2664850-3 (Priyantha / Thayalan/ Sanka)

E-mail: forex@hnb.lk Fitch Rating: AA-(lka.)