

TREASURY COMMENTARY – 18 APRIL 2019

LOCAL MARKET

MONEY

Overnight call-money traded at 8.50% - 8.55% on Wednesday. Net market liquidity with the Central Bank was a Deficit of Rs. 6.49 Bn on Wednesday from a Deficit of Rs. 16.77 Bn on Tuesday.

USD/LKR MARKET VOLUMES

VOLUME (USD Mn)

AS AT 17.04.2019

Cash	30.85
Tom	9.06
Spot	23.00
Forwards	39.10

MARKET LEVELS

Cash	174.05/175.05
Spot	174.10/175.10

INTERNATIONAL MARKET

FOREX

The euro traded higher on Thursday after more evidence of strength in China improved the outlook for the global economy, with the market looking next to European indicators to provide the currency with a further boost.

The euro was a shade higher at \$1.1298, having eked out a gain of 0.1 percent the previous day. The single currency has steadily recovered from a recent low of \$1.1183 plumbed at the start of April. The euro was lifted after data on Wednesday showed China's economy grew at a steady 6.4 percent pace in the first quarter, defying expectations for a further slowdown, as industrial production surged and consumer demand showed signs of improvement.

The dollar index against a basket of six major currencies was flat at 97.015 after dipping 0.05 percent the previous day.

The U.S. currency was steady at 112.035 yen after briefly touching a four-month peak of 112.17 on Wednesday amid a bounce in U.S. Treasury yields to a one-month high.

Commodity-linked currencies sagged after a surge in crude oil prices ran out of steam.

The Canadian dollar stood at C\$1.3352 per dollar, having pulled back from a one-month high of C\$1.3275 brushed on Wednesday.

The Australian dollar was down 0.1 percent at \$0.7173 after popping up to a two-month peak of \$0.7206 the previous day in response to the stronger-than-expected Chinese economic growth data.

COMMODITIES

Gold prices on Thursday touched their lowest this year, and were on course for a fourth straight weekly decline, as recent economic data drove investors towards riskier assets, with traders eyeing clues to gauge the health of global economy. Oil prices edged down on Thursday despite a surprise decline in U.S. inventories, with international benchmark Brent retreating from a five-month high touched in the previous session.

ECONOMIC INDICATORS

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

3 Months	9.00
6 Months	9.19
12 Months	9.91

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

2 Year	10.10
3Year	10.40
4 Year	10.60
5 Year	10.75
6 Year	10.80
7 Year	10.85
8 Year	11.00

LIBOR

	USD	EUR	JPY	GBP
1 Month	2.47	(0.41)	(0.09)	0.73
3 Months	2.60	(0.34)	(0.06)	0.82
6 Months	2.63	(0.30)	0.00	0.94
12 Months	2.75	(0.21)	0.09	1.10

SLIBOR (17/04/2019)

Overnight	8.55%
1 Week	9.22%
1 Month	10.10%
3 Months	10.61%
6 Months	11.51%

AWPLR %

Week ending 12/04	12.00
Week ago	11.94
Year ago	11.44

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

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