

TREASURY COMMENTARY – 16 MAY 2019

LOCAL MARKET

MONEY

Overnight call-money traded at 8.35% - 8.50% on Wednesday. Net market liquidity with the Central Bank was a Surplus of Rs. 25.05 Bn on Wednesday from a Surplus of Rs. 22.34 Bn on Tuesday.

USD/LKR MARKET VOLUMES

VOLUME (USD Mn)

AS AT 15.05.2019

Cash	17.00
Tom	10.00
Spot	27.00
Forwards	16.75

MARKET LEVELS

Cash	175.75/176.75
Spot	175.80/176.80

INTERNATIONAL MARKET

FOREX

The euro traded higher on Thursday as trade concerns eased on expectations that U.S. President Donald Trump will delay implementing tariffs on imported cars.

Trump administration officials told Reuters on Wednesday that the president is expected to put off a decision on imposing tariffs on imported cars and parts by up to six months, for now preventing a further increase in transatlantic trade tensions.

The euro was 0.05% higher at \$1.1207, having bounced overnight from a one-week low of \$1.1178. The single currency was initially hit as Italy's Deputy Prime Minister Matteo Salvini criticized European Union rules for the second day.

The dollar traded little changed at 109.500 yen.

The greenback had retreated to a low of 109.150 against the safe-haven yen on Wednesday as U.S. yields slid on weak U.S. April retail sales and industrial output data. China had also reported surprisingly weaker growth in retail sales and industrial output for April, denting riskier assets.

But the U.S. currency retraced its losses against the yen as trade tensions softened.

The dollar index against a basket of six major currencies was nearly flat at 97.542 after posting modest gains the previous day.

The Australian dollar nudged down 0.1% to \$0.6922, staying within touching distance of a 4-1/2-month low of \$0.6915 touched the previous day on weak domestic wages data and soft Chinese economic indicators.

COMMODITIES

Gold prices marked time on Thursday as an uptick in equities offset support from doubts over trade talks between the United States and China. Oil prices edged up on Thursday to extend gains into a third straight session, as tensions in the Middle East stoked fears of potential disruptions to supply.

ECONOMIC INDICATORS

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

3 Months	8.52
6 Months	8.88
12 Months	9.18

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

2 Year	9.75
3Year	9.90
4 Year	10.35
5 Year	10.45
6 Year	10.50
7 Year	10.65
8 Year	10.75

LIBOR

	USD	EUR	JPY	GBP
1 Month	2.43	(0.41)	(0.10)	0.73
3 Months	2.52	(0.35)	(0.07)	0.80
6 Months	2.55	(0.31)	0.00	0.90
12 Months	2.63	(0.22)	0.09	1.05

SLIBOR (15/05/2019)

Overnight	8.44%
1 Week	9.05%
1 Month	9.75%
3 Months	10.19%
6 Months	11.14%

AWPLR %

Week ending 10/05	12.15
Week ago	12.20
Year ago	11.45

AWDR %

April 2019	8.97
March 2019	8.98
Year ago	8.98

INFLATION (%)

	February 2019	March 2019	April 2019	Year ago
NCPI (YoY)	2.4	2.9	-	2.8
CCPI (YoY)	4.0	4.3	4.5	3.8
(12M W.Av)	4.1	4.1	4.1	5.9

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