

## TREASURY COMMENTARY – 17 MAY 2019

### LOCAL MARKET

#### **MONEY**

Overnight call-money traded at 8.35% - 8.50% on Thursday. Net market liquidity with the Central Bank was a Surplus of Rs. 20.32 Bn on Thursday from a Surplus of Rs. 25.05 Bn on Wednesday.

#### **USD/LKR MARKET VOLUMES**

VOLUME (USD Mn)

AS AT 16.05.2019

Cash	10.00
Tom	13.05
Spot	22.50
Forwards	24.50

#### **MARKET LEVELS**

Cash	175.50/176.50
Spot	175.55/176.55

### INTERNATIONAL MARKET

#### **FOREX**

The dollar hovered near a two-week high against its peers on Friday, supported by strong U.S. economic data and a bounce in Treasury yields. The dollar index versus a basket of six major currencies was at 97.832 after reaching 97.882 on Thursday, its highest since May 3.

The greenback reached the two-week peak on robust U.S. housing data and a weekly jobless claims report which pointed to sustained labour market strength for the world's biggest economy. The U.S. currency also drew strength as its counterparts such as the euro and pound were confronted with a number of bearish factors.

The euro was steady at \$1.1175 after falling to \$1.1166 overnight, its lowest since May 6. The single currency has shed 0.55% this week.

Britain faces a potentially disorderly exit from the European Union as Prime Minister Theresa May has struggled to keep her Brexit deal and her premiership. The possibility of a chaotic departure from the EU has pushed the pound to a three-month trough of \$1.2788 on Thursday. Sterling last stood at \$1.2796, having slumped 1.5% this week.

The dollar was nearly flat at 109.850 after gaining 0.2% the previous day. Against the safe-haven yen the greenback fell to a 3-1/2-month low of 109.020 at the start of the week when a trade war between the United States and China intensified.

The Australian dollar was steady at \$0.6891. The Aussie was in close reach of a 4-1/2-month trough of \$0.6886 plumed on Thursday after soft domestic employment data heightened expectations for an interest rate cut by the Reserve Bank of Australia.

#### **COMMODITIES**

Gold extended its losses on Friday, following its biggest one-day percentage loss in a month in the previous session on a firmer dollar and as a strong U.S. data, corporate results boosted investor appetite for riskier assets. Oil prices edged higher on Friday, extending gains into a fourth session as rising tensions in the Middle East stoked fears of potential supply disruptions.

## ECONOMIC INDICATORS

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

<b>3 Months</b>	8.52
<b>6 Months</b>	8.88
<b>12 Months</b>	9.18

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

<b>2 Year</b>	9.55
<b>3Year</b>	10.00
<b>4 Year</b>	10.35
<b>5 Year</b>	10.40
<b>6 Year</b>	10.45
<b>7 Year</b>	10.65
<b>8 Year</b>	10.75

### LIBOR

	USD	EUR	JPY	GBP
<b>1 Month</b>	2.43	(0.41)	(0.09)	0.73
<b>3 Months</b>	2.52	(0.36)	(0.07)	0.80
<b>6 Months</b>	2.55	(0.31)	0.00	0.90
<b>12 Months</b>	2.63	(0.22)	0.09	1.04

### SLIBOR (16/05/2019)

<b>Overnight</b>	8.45%
<b>1 Week</b>	9.06%
<b>1 Month</b>	9.75%
<b>3 Months</b>	10.22%
<b>6 Months</b>	11.15%

### AWPLR %

<b>Week ending 10/05</b>	12.15
<b>Week ago</b>	12.20
<b>Year ago</b>	11.45

### AWDR %

<b>April 2019</b>	8.97
<b>March 2019</b>	8.98
<b>Year ago</b>	8.98

### INFLATION (%)

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

### TREASURY DIVISION

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