

## TREASURY COMMENTARY – 16 SEPTEMBER 2019

### LOCAL MARKET

#### MONEY

Overnight call-money traded at 7.40% - 7.50% on Thursday. Net market liquidity with the Central Bank was a Surplus of Rs.2.91 Bn on Thursday from a Surplus of Rs.5.30 Bn on Wednesday.

#### USD/LKR MARKET VOLUMES

VOLUME (USD Mn)

AS AT 12.09.2019

Cash	14.00
Tom	5.50
Spot	9.01
Forwards	26.75

#### MARKET LEVELS

Cash	179.85/180.85
Spot	179.90/180.90

### INTERNATIONAL MARKET

#### FOREX

The dollar fell while safe-havens and currencies of oil producing countries rallied on Monday, following an attack on Saudi Arabian refining facilities that disrupted global oil supply and heightened Middle East tensions.

Oil prices surged more than 15% following the strikes on two plants, including the world's biggest petroleum processing facility in Abqaiq, knocked out more than 5% of global oil supply.

The safe-haven Japanese yen and Swiss franc each lifted at least 0.3% on the dollar. The yen hit 107.60 per dollar and the franc touched \$0.9871.

Against a basket of currencies, the dollar was 0.2% lower at 98.053.

Beyond oil, currency markets are awaiting the outcome of central bank meetings in the U.S. and Japan this week and crucial economic data in Australia and New Zealand that could determine the rates outlook in the Antipodes.

Much of the risk appetite on display last week was driven by signs of a thaw in U.S.-China trade tensions, ahead of trade talks next month.

The pound held last week's gains, as fears of Britain crashing out of the European Union without a divorce deal ebbed, while a news report on Friday also raised hopes that a deal could be secured by Oct. 31.

It steadied just under its highest since July 25 at \$1.2491. The euro was steady at \$1.1077.

#### COMMODITIES

Gold prices jumped more than 1% on Monday as investors rushed for safe-haven assets after weekend attacks on Saudi Arabia's oil facilities risked disrupting global energy supplies and increasing tensions in the Middle East. Oil prices retreated on Monday after hitting their highest since May at the open, on fears over supply disruptions following an attack on Saudi Arabia's oil facilities on Saturday that cut more than 5% of global oil supply.

## ECONOMIC INDICATORS

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

<b>3 Months</b>	7.61
<b>6 Months</b>	7.75
<b>12 Months</b>	8.36

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

<b>2 Year</b>	8.85
<b>3Year</b>	9.10
<b>4 Year</b>	9.85
<b>5 Year</b>	10.28
<b>6 Year</b>	10.35
<b>7 Year</b>	10.40
<b>8 Year</b>	10.42

### LIBOR

	USD	EUR	JPY	GBP
<b>1 Month</b>	2.02	(0.48)	(0.14)	0.71
<b>3 Months</b>	2.13	(0.42)	(0.08)	0.78
<b>6 Months</b>	2.07	(0.39)	(0.04)	0.84
<b>12 Months</b>	2.04	(0.32)	0.04	0.96

### SLIBOR (12/09/2019)

<b>Overnight</b>	7.45%
<b>1 Week</b>	7.58%
<b>1 Month</b>	7.71%
<b>3 Months</b>	8.47%
<b>6 Months</b>	9.75%

### AWPLR %

<b>Week ending 12/09</b>	10.64
<b>Week ago</b>	10.60
<b>Year ago</b>	11.53

### AWDR %

<b>Aug 2019</b>	8.73
<b>July 2019</b>	8.88
<b>Year ago</b>	8.66

### INFLATION (%)

	June 2019	July 2019	August 2019	Year ago
<b>NCPI (YoY)</b>	2.1	2.2	-	3.4
<b>CCPI (YoY)</b>	3.8	3.3	3.4	5.9
<b>(12M W.Av)</b>	4.2	4.0	3.8	5.6

### 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](mailto:forex@hnb.lk) Fitch Rating: AA-(Ika.)**