

## TREASURY COMMENTARY – 20 SEPTEMBER 2019

### LOCAL MARKET

#### MONEY

Overnight call-money traded at 7.35% - 7.45% on Thursday. Net market liquidity with the Central Bank was a Surplus of Rs.47.90 Bn on Thursday from a Surplus of Rs.59.93 Bn on Wednesday.

#### USD/LKR MARKET VOLUMES

VOLUME (USD Mn)

AS AT 19.09.2019

Cash	7.00
Tom	14.24
Spot	8.90
Forwards	35.00

#### MARKET LEVELS

Cash	180.50/181.50
Spot	180.55/181.55

### INTERNATIONAL MARKET

#### FOREX

The dollar nursed losses against most major currencies on Friday, as central banks in Switzerland and the UK refrained from following the Federal Reserve in cutting rates, while risk appetite ebbed on caution about U.S-China trade talks.

Sterling hit a two-month high of \$1.2560 against the greenback overnight after European Commission President Jean-Claude Juncker said he thought Brussels could reach a deal with Britain to leave the European Union.

The Swiss National Bank, the Bank of England and the Bank of Japan all kept their policies on hold on Thursday. Their currencies rose and mostly held gains in Asian trade.

The exception was in Australian and New Zealand dollars as they languished around two-week lows after soft data capped by an uptick in Australian unemployment that prompted a rush to price in fresh rate cuts for October.

The Australian dollar held at \$0.6793 in morning trade, close to its lowest since Sept. 4, while the New Zealand dollar hit \$0.6297, its weakest since Sept. 3.

The dollar was steady buying 108.00 Japanese yen, after falling from close to a seven-week peak hit on Thursday.

Investors are also focused on U.S.-China trade talks in Washington, aimed at laying the groundwork for high-level discussions next month.

However, most traders are cautious. Few signs of progress have emerged and with a wide gulf between both sides remaining, it is weighing on the recent risk-on mood.

#### COMMODITIES

Gold prices inched higher on Friday on a softer dollar and caution about Sino-U.S. trade talks, while investors looked for clarity on the future path of U.S. interest rates. Oil prices were on track for a more-than-7% jump this week, their biggest in months, as early trading on Friday saw gains extended on fresh tensions in the Middle East after a key Saudi Arabian supply hub was knocked out in an attack last weekend.

# ECONOMIC INDICATORS

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

<b>3 Months</b>	Rejected
<b>6 Months</b>	Rejected
<b>12 Months</b>	8.41

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

<b>2 Year</b>	8.80
<b>3Year</b>	9.25
<b>4 Year</b>	9.80
<b>5 Year</b>	10.20
<b>6 Year</b>	10.35
<b>7 Year</b>	10.35
<b>8 Year</b>	10.38

## LIBOR

	USD	EUR	JPY	GBP
<b>1 Month</b>	2.04	(0.49)	(0.14)	0.71
<b>3 Months</b>	2.15	(0.42)	(0.09)	0.77
<b>6 Months</b>	2.08	(0.40)	(0.04)	0.83
<b>12 Months</b>	2.06	(0.34)	0.03	0.93

## SLIBOR (19/09/2019)

<b>Overnight</b>	7.43%
<b>1 Week</b>	7.58%
<b>1 Month</b>	7.75%
<b>3 Months</b>	8.43%
<b>6 Months</b>	9.71%

## 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

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