

## TREASURY COMMENTARY – 08 NOVEMBER 2019

### LOCAL MARKET

#### MONEY

Overnight call-money traded at 7.45% - 7.55% on Thursday. Net market liquidity with the Central Bank was a Surplus of Rs.13.79 Bn on Thursday from a Surplus of Rs.14.73 Bn on Wednesday.

#### USD/LKR MARKET VOLUMES

VOLUME (USD Mn)

AS AT 07.11.2019

Cash	7.40
Tom	23.55
Spot	31.00
Forwards	15.50

#### MARKET LEVELS

Cash	180.30/181.30
Spot	180.35/181.35

### INTERNATIONAL MARKET

#### FOREX

The dollar held on to its gains versus the yen and the Swiss franc on Friday as a China-U.S. agreement to roll back tariffs on each other's goods supported riskier assets, even as some reports suggest a preliminary trade pact is far from a done deal.

The yen also nursed losses against the euro and the Australian dollar as progress in resolving a 16-month long trade war between the world's two largest economies weakened demand for safe havens.

The dollar held steady at 109.34 yen in Asia on Friday, close to a five-month high, and is headed for a 1.1% gain for the week.

The greenback edged higher to 0.9953 Swiss franc, on course for a 1% gain.

Sterling traded near a two-week low after Bank of England kept its interest rate unchanged at 0.75%.

However, two unexpectedly voted to cut interest rates due to uncertainties posed by Britain's fraught exit from the European Union and seven policy makers on the board voted to keep policy unchanged, but Governor Mark Carney and others said they would consider a cut in the future.

The pound traded a \$1.2815, close to the lowest since Oct. 24. Cable was on course for a 1% decline this week.

The dollar index against a basket of six major currencies stood at 98.136, up 1% this week.

#### COMMODITIES

Gold prices on Friday traded near a one-month low in the previous session after China and the United States agreed to roll back tariffs as part of the first phase of a trade deal, stoking investors towards riskier assets. U.S. crude oil futures fell on Friday amid fading hopes that a deal to end the lingering trade war between Washington and Beijing would be signed any time soon, the gloom compounded by rising crude inventories in the United States.

## ECONOMIC INDICATORS

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

<b>3 Months</b>	7.49
<b>6 Months</b>	7.67
<b>12 Months</b>	8.41

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

<b>2 Year</b>	8.60
<b>3Year</b>	9.05
<b>4 Year</b>	9.65
<b>5 Year</b>	10.05
<b>6 Year</b>	10.10
<b>7 Year</b>	10.15
<b>8 Year</b>	10.20

### LIBOR

	USD	EUR	JPY	GBP
<b>1 Month</b>	1.75	(0.50)	(0.08)	0.71
<b>3 Months</b>	1.90	(0.44)	(0.10)	0.79
<b>6 Months</b>	1.92	(0.39)	(0.01)	0.89
<b>12 Months</b>	1.97	(0.29)	0.08	0.98

### SLIBOR (07/11/2019)

<b>Overnight</b>	7.47%
<b>1 Week</b>	7.60%
<b>1 Month</b>	7.81%
<b>3 Months</b>	8.47%
<b>6 Months</b>	9.61%

### AWPLR %

<b>Week ending 01/11</b>	10.44
<b>Week ago</b>	10.29
<b>Year ago</b>	12.82

### AWDR %

<b>Oct 2019</b>	8.37
<b>Sept 2019</b>	8.51
<b>Year ago</b>	8.73

### INFLATION (%)

	August 2019	September 2019	October 2019	Year ago
<b>NCPI (YoY)</b>	3.4	5.0	-	0.9
<b>CCPI (YoY)</b>	3.4	5.0	5.4	3.1
<b>(12M W.Av)</b>	3.8	3.9	4.0	5.0

### TREASURY DIVISION

Level-11

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