

## TREASURY COMMENTARY – 13 NOVEMBER 2019

### LOCAL MARKET

#### MONEY

Overnight call-money traded at 7.45% - 7.55% on Friday. Net market liquidity with the Central Bank was a Surplus of Rs.7.73 Bn on Friday from a Surplus of Rs.13.79 Bn on Thursday.

#### USD/LKR MARKET VOLUMES

VOLUME (USD Mn)

AS AT 08.11.2019

Cash	14.75
Tom	5.00
Spot	30.00
Forwards	24.00

#### MARKET LEVELS

Cash	180.30/181.30
Spot	180.35/181.35

### INTERNATIONAL MARKET

#### FOREX

The New Zealand dollar soared 1% on Wednesday after the country's central bank unexpectedly left interest rates on hold.

Almost all analysts had forecast a cut in the 1% benchmark rate to a record-low 0.75%, with futures markets having priced in a better-than-75% chance of a cut as slack spending and a global slowdown held New Zealand's economic growth at a six-year low.

Against other currencies, the U.S. dollar was only a touch weaker after U.S.

President Donald Trump said in a speech overnight that a trade deal with China was "close," but failed to provide any further details.

Hopes for an imminent deal to wind back tit-for-tat tariffs the world's two largest economies have imposed on each other have lifted the dollar 1% this week to a one-month high of 98.423 overnight against a basket of currencies.

Against the Japanese yen the dollar was a touch weaker at 108.93 yen - not far below the 5-1/2-month high of 109.48 yen it hit last week.

The dollar scaled a month-high against the euro overnight and steadied near that level at \$1.012 on Wednesday.

The British pound was steady at \$1.2850, after a brief boost from the Brexit Party's decision not to contest Conservative-held seats at December's election faded.

The Australian dollar was pinned at \$0.6837 by weak, but largely in line, wages data.

#### COMMODITIES

Gold prices were flat on Wednesday as investors stayed cautious after a much-awaited speech by U.S. President Donald Trump gave no details on the signing of a trade deal with China, while a firmer dollar dented demand for the safe-haven asset. Oil prices dipped on Wednesday as prospects for a trade deal between the United States and China dimmed, weighing on the outlook for the global economy and energy demand.

## 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>	9.12
<b>4 Year</b>	9.60
<b>5 Year</b>	10.00
<b>6 Year</b>	10.05
<b>7 Year</b>	10.10
<b>8 Year</b>	10.20

### LIBOR

	USD	EUR	JPY	GBP
<b>1 Month</b>	1.76	(0.50)	(0.10)	0.71
<b>3 Months</b>	1.90	(0.43)	(0.10)	0.78
<b>6 Months</b>	1.92	(0.39)	(0.01)	0.86
<b>12 Months</b>	1.99	(0.29)	0.09	0.95

### SLIBOR (08/11/2019)

<b>Overnight</b>	7.50%
<b>1 Week</b>	7.60%
<b>1 Month</b>	7.81%
<b>3 Months</b>	8.47%
<b>6 Months</b>	9.62%

### AWPLR %

<b>Week ending 08/11</b>	10.25
<b>Week ago</b>	10.44
<b>Year ago</b>	12.25

### 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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