

TREASURY COMMENTARY – 15 NOVEMBER 2019

LOCAL MARKET

MONEY

Overnight call-money traded at 7.50% - 7.55% on Thursday. Net market liquidity with the Central Bank was a Surplus of Rs.12.49 Bn on Thursday from a Surplus of Rs.7.40 Bn on Wednesday.

USD/LKR MARKET VOLUMES

VOLUME (USD Mn)

AS AT 14.11.2019

Cash	11.70
Tom	16.50
Spot	18.15
Forwards	37.93

MARKET LEVELS

Cash	179.90/180.90
Spot	179.95/180.95

INTERNATIONAL MARKET

FOREX

The dollar found broad support on Friday as fresh signs of a global economic slowdown and little visible progress toward a Sino-U.S. trade truce put investors in a risk-averse mood.

The latest evidence that the U.S.-China trade war has hurt the global economy was illustrated by sub-par growth figures on Thursday from China and Japan.

The dollar clawed back some of the ground it gave to the safe-haven yen overnight, rising 0.1% to buy 108.55 yen, and kept hold of overnight gains against the Australian and New Zealand dollars.

Against a basket of currencies, the dollar last traded at 98.163. The euro was stable at \$1.1020. Moves were slight as investors looked for concrete news on the trade front.

Sterling touched a six-month high against the euro and gained on the dollar as expectations that Britain's ruling Conservative Party might win a majority in a Dec. 12 election fueled optimism that the Brexit impasse will finally end.

The Australian dollar nursed losses inflicted by an unexpected rise in unemployment on Thursday to trade at \$0.6786.

The New Zealand dollar had jumped by a percentage point on Wednesday when the RBNZ unexpectedly left interest rates on hold.

COMMODITIES

Gold prices fell on Friday as comments by a senior U.S. official that the United States is getting close to an interim trade agreement with China sharpened investors' risk appetite. Oil prices posted early gains as OPEC's outlook for oil demand next year fueled hopes that the producer group and its associates will keep a lid on supply when they meet to discuss policy on output next month.

ECONOMIC INDICATORS

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

3 Months	7.56
6 Months	Rejected
12 Months	8.51

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

2 Year	8.60
3Year	9.05
4 Year	9.60
5 Year	10.02
6 Year	10.05
7 Year	10.10
8 Year	10.20

LIBOR

	USD	EUR	JPY	GBP
1 Month	1.76	(0.50)	(0.09)	0.71
3 Months	1.90	(0.43)	(0.10)	0.79
6 Months	1.92	(0.39)	(0.01)	0.86
12 Months	1.98	(0.29)	0.08	0.96

SLIBOR (14/11/2019)

Overnight	7.51%
1 Week	7.60%
1 Month	7.81%
3 Months	8.47%
6 Months	9.61%

AWPLR %

Week ending 08/11	10.25
Week ago	10.44
Year ago	12.25

AWDR %

Oct 2019	8.37
Sept 2019	8.51
Year ago	8.73

INFLATION (%)

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

TREASURY DIVISION

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