

TREASURY COMMENTARY – 18 NOVEMBER 2019

LOCAL MARKET

MONEY

Overnight call-money traded at 7.40% - 7.55% on Friday. Net market liquidity with the Central Bank was a Surplus of Rs.3.90 Bn on Friday from a Surplus of Rs.12.49 Bn on Thursday.

USD/LKR MARKET VOLUMES

VOLUME (USD Mn)

AS AT 15.11.2019

Cash	11.00
Tom	4.85
Spot	20.31
Forwards	39.50

MARKET LEVELS

Cash	178.90/179.90
Spot	178.95/179.95

INTERNATIONAL MARKET

FOREX

Major currencies were off to a cautious start on Monday as market players looked to whether Washington and Beijing can soon sign off on a deal to end their trade war that has been a drag on the global economic growth.

The "phase one" deal was originally expected to be signed on the sideline of Asian-Pacific countries' summit scheduled last weekend before the host nation Chile cancelled the event due to domestic riots.

The tariff war between the United States and China has already taken its toll on the world's manufacturing sector.

Data from the U.S. Federal Reserve on Friday showed the U.S. manufacturing downturn deepened in October, with output at factories tumbling 0.6%, the most since May 2018, after dropping 0.5% in September.

Against the yen, the dollar traded at 108.75 yen, recovering from 108.235 touched on Thursday as rising hopes of a U.S.-China trade deal undercut the yen.

Rising risk appetite was mildly positive for the euro, which stood at \$1.10505, bouncing back from one-month low of \$1.0989 set on Thursday.

That helped to push down the dollar index to 97.980, near its lowest levels since Nov. 7.

Elsewhere, sterling was extending its slow recovery to reach its highest levels in two weeks, trading at \$1.2919, up 0.12% so far on the day.

COMMODITIES

Oil prices were little changed on Monday following steady gains in the previous week with investors awaiting fresh clues over prospects for a trade deal between the United States and China, shrugging off concerns over steadily rising oil supplies.

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	8.65
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	1.73	(0.50)	(0.10)	0.71
3 Months	1.90	(0.43)	(0.09)	0.78
6 Months	1.91	(0.39)	(0.01)	0.85
12 Months	1.96	(0.29)	0.08	0.95

SLIBOR (15/11/2019)

Overnight	7.50%
1 Week	7.60%
1 Month	7.81%
3 Months	8.48%
6 Months	9.61%

AWPLR %

Week ending 15/11	10.26
Week ago	10.25
Year ago	11.95

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

Level-11

Tel: FX: 2664843-6 (Priyantha/Chaaminda/Chandika/Ramesha) Fax: 2664854

Interest Rates: 2664850-3 (Priyantha / Thayalan/ Sanka)

E-mail: forex@hnb.lk Fitch Rating: AA-(Ika.)