

TREASURY COMMENTARY – 21 NOVEMBER 2019

LOCAL MARKET

MONEY

Overnight call-money traded at 7.50% - 7.55% on Wednesday. Net market liquidity with the Central Bank was a Surplus of Rs.12.70 Bn on Wednesday from a Surplus of Rs.10.45 Bn on Tuesday.

USD/LKR MARKET VOLUMES

VOLUME (USD Mn)

AS AT 20.11.2019

Cash	13.75
OTom	10.85
Spot	26.83
Forwards	20.25

MARKET LEVELS

Cash	178.80/179.80
Spot	178.85/179.85

INTERNATIONAL MARKET

FOREX

The yen rose against the dollar on Thursday after sources close to the White House told Reuters that a U.S.-China trade deal is unlikely this year, which stimulated demand for safe-haven assets.

The yen rose 0.14% to 108.49 per dollar on Thursday.

The yuan eased toward a two-week low in offshore trade as failure to reach a deal to roll back U.S. tariffs would cause a further slowdown in China's economy and complicate efforts to keep growth on track.

Some traders are also wary of risk after U.S. lawmakers sent two bills intended to support protesters in Hong Kong to the White House for U.S. President Donald Trump.

Hong Kong has been shaken of increasingly violent protest against Chinese rule of the former British colony. If the bills are signed into law, that would anger Beijing and could make a resolution to the trade war more difficult.

The next date to watch is Dec. 15, when U.S. tariffs on some \$156 billion in Chinese goods are scheduled to take effect.

The dollar weakened slightly to \$1.1077 versus the euro but held steady at \$1.2923 against the British pound.

COMMODITIES

Gold prices rose on Thursday as a fresh spar between the United States and China over U.S. bills on Hong Kong ignited worries that trade talks could create a problem and delay an interim deal. Oil prices retreated on Thursday as a fight over Hong Kong added to worries of a delay in any U.S.-China trade deal, after posting steep gains in the previous session on bullish U.S. crude inventory data.

ECONOMIC INDICATORS

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

3 Months	7.47
6 Months	7.58
12 Months	8.22

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

2 Year	8.40
3Year	8.55
4 Year	9.05
5 Year	9.36
6 Year	9.45
7 Year	9.65
8 Year	9.75

LIBOR

	USD	EUR	JPY	GBP
1 Month	1.72	(0.50)	(0.10)	0.71
3 Months	1.89	(0.44)	(0.10)	0.78
6 Months	1.90	(0.39)	(0.01)	0.85
12 Months	1.94	(0.29)	0.08	0.96

SLIBOR (20/11/2019)

Overnight	7.54%
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

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