

TREASURY COMMENTARY – 22 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.14.90 Bn on Thursday from a Surplus of Rs.12.70 Bn on Wednesday.

USD/LKR MARKET VOLUMES

VOLUME (USD Mn)

AS AT 21.11.2019

Cash	11.30
Tom	9.23
Spot	19.50
Forwards	43.50

MARKET LEVELS

Cash	179.20/180.20
Spot	179.25/180.25

INTERNATIONAL MARKET

FOREX

The dollar held overnight gains on Friday, as investors clung to the safe-haven pending developments in Sino-U.S. trade negotiations and amid a growing skepticism about reports of progress in the talks.

The Wall Street Journal reported that top U.S. negotiators had been invited to Beijing for a new round of face-to-face talks, further raising hopes and risk appetite.

However, trade experts and people close to the White House told Reuters that negotiations could slide into next year.

The dollar traded higher against the Japanese yen to 108.58 yen and was steady against the euro at \$1.1064. Antipodean currencies were flat on the dollar, with the Australian dollar at \$0.6789 and the New Zealand dollar at \$0.6404.

Against a basket of currencies, the dollar last traded at 97.993.

China's yuan, which is highly sensitive to trade news, was stable at 7.0303 per dollar in offshore trade.

Elsewhere, the rising dollar kept the British pound below \$1.30, while a manifesto from the British Labour Party setting out radical plans to raise tax and nationalize infrastructure also weighed. Sterling last traded at \$1.2916.

COMMODITIES

Gold prices were little changed on Friday as a report of China's efforts to smooth the way for trade talks with the United States offset worries that an interim deal might not occur until next year. Oil prices fell from their highest in nearly two months on Friday by doubts over future demand for crude as uncertainty continues to shroud a potential U.S.-China trade deal, and along with it the health of the global economy.

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	8.45
3Year	8.60
4 Year	9.10
5 Year	9.45
6 Year	9.48
7 Year	9.65
8 Year	9.75

LIBOR

	USD	EUR	JPY	GBP
1 Month	1.71	(0.50)	(0.10)	0.71
3 Months	1.89	(0.44)	(0.09)	0.80
6 Months	1.89	(0.39)	(0.01)	0.85
12 Months	1.90	(0.29)	0.08	0.95

SLIBOR (21/11/2019)

Overnight	7.54%
1 Week	7.60%
1 Month	7.82%
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	5.6	0.1
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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