

TREASURY COMMENTARY – 20 JANUARY 2020

LOCAL MARKET

MONEY

Overnight call-money traded at 7.45% - 7.50% on Friday. Net market liquidity with the Central Bank was a Surplus of Rs.17.77 Bn on Friday from a Surplus of Rs.17.25 Bn on Thursday.

FIXED INCOME SECURITIES

At the auction held during the period 13th to 17th January, 2020, one-year and seven months, two-years, three-years and five-years settled at 6 month LIBOR+396 bps, 388 bps, 424 bps and 457 bps respectively. The fixed rates for the same maturities settled at 5.93, 5.79, 5.94 and 5.98 percent respectively.

USD/LKR MARKET VOLUMES

VOLUME (USD Mn)

AS AT 17.01.2020

Cash	14.40
Tom	-
Spot	21.72
Forwards	15.00

MARKET LEVELS

Cash	180.75/181.75
Spot	180.80/181.80

INTERNATIONAL MARKET

FOREX

The dollar traded higher on Monday as economic data pointed to strength right across the U.S. economy, reducing the likelihood of interest rate cuts.

The greenback held steady near a one-week high against the euro at \$1.1096, and just below an eight-month peak on the Japanese yen, at 110.19 yen per dollar.

The pound edged lower on Monday to \$1.3002, its weakest in a week.

Against a basket of currencies, the greenback was steady at 97.620, a little below a three-week high hit on Friday.

China, meanwhile, on Friday posted its slowest annual growth figure in almost 30 years, although December data showed revived business confidence and quickening factory output. The yuan held flat at 6.8643 per dollar in offshore trade, not far below a six-month high it reached last week.

The Australian and New Zealand dollars crept up slightly, although gains were capped as investors look to Australian jobs data due on Thursday for a crucial clue to the next move for Australian interest rates.

The Aussie last traded 0.1% firmer at \$0.6880, while the kiwi rose by the same margin to \$0.6615.

COMMODITIES

Gold traded in a tight range on Monday as strong U.S. economic data fueled investors' appetite for riskier assets and reduced the metal's safe-haven appeal. Oil prices jumped on Monday after two large crude production bases in Libya began shutting down amid a military blockade, setting the stage for crude flows from the OPEC member to be cut.

ECONOMIC INDICATORS

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

3 Months	Rejected
6 Months	8.13
12 Months	8.58

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

2 Year	8.70
3Year	9.15
4 Year	9.48
5 Year	9.60
6 Year	9.65
7 Year	9.75
8 Year	9.85

LIBOR

	USD	EUR	JPY	GBP
1 Month	1.65	(0.50)	(0.09)	0.64
3 Months	1.81	(0.42)	(0.05)	0.70
6 Months	1.84	(0.36)	0.01	0.73
12 Months	1.92	(0.27)	0.11	0.79

SLIBOR (17/01/2020)

Overnight	7.48%
1 Week	7.60%
1 Month	7.90%
3 Months	8.42%
6 Months	9.50%

AWPLR %

Week ending 17/01	9.65
Week ago	9.76
Year ago	11.82

AWDR %

Dec 2019	8.20
Nov 2019	8.27
Year ago	8.81

INFLATION (%)

	October 2019	November 2019	December 2019	Year ago
NCPI (YoY)	5.6	4.1	-	1.0
CCPI (YoY)	5.4	4.4	4.8	2.8
(12M W.Av)	4.0	4.1	4.3	4.3

TREASURY DIVISION

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