

TREASURY COMMENTARY – 18 FEBRUARY 2020LOCAL MARKET**MONEY**

Overnight call-money traded at 6.95% - 7.00% on Monday. Net market liquidity with the Central Bank was a Surplus of Rs.0.52 Bn on Monday from a Surplus of Rs.13.65 Bn on Friday.

USD/LKR MARKET VOLUMES

VOLUME (USD Mn)

AS AT 17.02.2020

Cash	-
Tom	18.60
Spot	16.86
Forwards	33.75

MARKET LEVELS

Cash 181.00/182.00

Spot 181.05/182.05

INTERNATIONAL MARKET**FOREX**

The euro traded lower versus the dollar in Asian trade ahead of a highly watched German survey on Tuesday, which is expected to show a sharp slump in investor confidence and fuel growing pessimism about the outlook for Europe's largest economy.

The euro fell 0.12% to \$1.0827 in Asia, close to its lowest since April 2017. Since the start of February, the single currency has lost 2.4% versus the greenback as disappointing economic data raised concerns that euro zone monetary policy will have to remain accommodative for much longer.

Among Asian currencies, the Australian dollar slipped after minutes from the central bank's last meeting revived the prospect of policy easing while the Chinese yuan was weighed by worries about the economic impact of the coronavirus.

The onshore yuan traded at 6.9859 versus the dollar, unsettled by a decline in Chinese shares after Apple Inc. said it will not meet sales targets because the virus epidemic has slowed production and demand in China.

The pound held steady at \$1.2998 in Asia on Tuesday following a 0.3% decline in the previous session.

COMMODITIES

Gold prices hit a two-week high on Tuesday as global equities retreated after Apple Inc. flagged a revenue miss amid the coronavirus outbreak, sobering investor optimism. Oil prices slipped on Tuesday on lingering concerns over the economic impact of the coronavirus outbreak in China and its effect on oil demand, tracking losses in financial markets.

ECONOMIC INDICATORS

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

3 Months	7.36
6 Months	8.04
12 Months	8.55

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

2 Year	9.05
3Year	9.15
4 Year	9.60
5 Year	9.65
6 Year	9.75
7 Year	9.80
8 Year	9.85

LIBOR

	USD	EUR	JPY	GBP
1 Month	1.65	(0.52)	(0.09)	0.70
3 Months	1.69	(0.43)	(0.07)	0.75
6 Months	1.71	(0.39)	0.01	0.80
12 Months	1.79	(0.31)	0.10	0.89

SLIBOR (17/02/2020)

Overnight	7.00%
1 Week	7.10%
1 Month	7.36%
3 Months	8.10%
6 Months	8.82%

AWPLR %

Week ending 14/02	9.52
Week ago	9.47
Year ago	12.22

AWDR %

Jan 2019	8.14
Dec 2019	8.20
Year ago	8.85

INFLATION (%)

	November 2019	December 2019	January 2020	Year ago
NCPI (YoY)	4.1	6.2	-	0.4
CCPI (YoY)	4.4	4.8	5.4	3.7
(12M W.Av)	4.1	4.3	4.4	4.1

TREASURY DIVISION

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