

**TREASURY COMMENTARY – 20 FEBRUARY 2020**LOCAL MARKET**MONEY**

Overnight call-money traded at 6.95% - 7.02% on Wednesday. Net market liquidity with the Central Bank was a Surplus of Rs.22.34 Bn on Wednesday from a Surplus of Rs.23.70 Bn on Tuesday.

**USD/LKR MARKET VOLUMES**

VOLUME (USD Mn)

AS AT 19.02.2020

Cash	21.25
Tom	9.00
Spot	12.50
Forwards	31.00

**MARKET LEVELS**

Cash 181.40/182.40

Spot 181.45/182.45

INTERNATIONAL MARKET**FOREX**

The Japanese yen traded lower against the dollar in Asian trade on Thursday as risk appetite improved on expectations that China will continue to take steps to offset the economic impact of the coronavirus outbreak.

The yen was initially bought as a safe-haven asset when the outbreak of the virus in the central Chinese province of Hubei shook financial markets last month. However, yen buying is starting to fade as growth in the number of new cases of the virus in mainland China starts to slow.

In the offshore market, the yuan traded at 7.0100 per dollar as traders awaited additional policy stimulus from Chinese officials.

The euro traded at \$1.0810, close to its lowest since April 2017. The common currency managed to stabilise in Asian trading, but sentiment remains weak after disappointing economic data sent it crashing through closely-watched support levels.

The pound was quoted at \$1.2924 in Asian trade before data later on Thursday that is forecast to show growth in British retail sales. Sterling fell 0.6% on Wednesday as market sentiment is caught between optimism about the economy and pessimism about Britain's talks with the European Union for a free trade deal.

**COMMODITIES**

Gold prices on Thursday eased from their highest in nearly seven years in the previous session, as safe-haven demand took a hit after a dramatic drop in new coronavirus cases and on expectations that China will continue to shore up its economy. Oil prices gained more than 2% on Wednesday as worries eased about demand declining due to the spread of coronavirus cases in China, while supplies tightened as the United States moved to cut off more Venezuelan crude from the market.

# ECONOMIC INDICATORS

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

<b>3 Months</b>	7.44
<b>6 Months</b>	8.06
<b>12 Months</b>	8.60

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

<b>2 Year</b>	9.00
<b>3Year</b>	9.25
<b>4 Year</b>	9.50
<b>5 Year</b>	9.65
<b>6 Year</b>	9.70
<b>7 Year</b>	9.75
<b>8 Year</b>	9.95

## LIBOR

	USD	EUR	JPY	GBP
<b>1 Month</b>	1.64	(0.51)	(0.08)	0.71
<b>3 Months</b>	1.69	(0.43)	(0.07)	0.75
<b>6 Months</b>	1.71	(0.39)	0.01	0.80
<b>12 Months</b>	1.77	(0.31)	0.09	0.89

## SLIBOR (19/02/2020)

<b>Overnight</b>	7.00%
<b>1 Week</b>	7.10%
<b>1 Month</b>	7.34%
<b>3 Months</b>	8.10%
<b>6 Months</b>	8.81%

## AWPLR %

<b>Week ending 14/02</b>	9.52
<b>Week ago</b>	9.47
<b>Year ago</b>	12.22

## AWDR %

<b>Jan 2019</b>	8.14
<b>Dec 2019</b>	8.20
<b>Year ago</b>	8.85

## INFLATION (%)

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

## TREASURY DIVISION

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