TREASURY COMMENTARY – 28 FEBRUARY 2020

LOCAL MARKET

MONEY

Overnight call-money traded at 6.90% - 7.00% on Thursday. Net market liquidity with the Central Bank was a Surplus of Rs.66.18 Bn on Thursday from a Surplus of Rs.58.56 Bn on Wednesday.

USD/LKR MARKET VOLUMES

	VOLUME (USD Mn) AS AT 27.02.2020
Cash	6.25
Tom	18.62
Spot	36.00
Forwards	14.30

MARKET LEVELS

Cash	181.40/182.40
Spot	181.45/182.45

INTERNATIONAL MARKET

FOREX

The dollar traded lower against the euro on Friday in Asian trade as the global spread of the coronavirus fired up expectations for a U.S. rate cut and pushed the hunt for yield elsewhere.

The dollar also dropped 0.9% against the Swiss franc overnight, as it spread to the United States had investors preferring the franc as a safe haven.

The Australian dollar and the New Zealand dollar steadied on Friday in Asian trade. The Australian dollar traded at $0.6569 while the New Zealand dollar traded at $0.6292.

As a result of the virus, more than 2,700 people have died. The World Health Organization said overnight that every country should be bracing for more cases as a great deal is still unknown about the virus.

World share prices are headed for their worst week since the darkest days of the 2008 financial crisis and everyone is on edge.

COMMODITIES

Gold prices inched higher on Friday as worries intensified that the rapidly spreading coronavirus could turn into a pandemic and derail global economic growth. Oil prices tumbled for a fifth day on Thursday to their lowest level in more than a year, as new reports of novel coronavirus cases outside China spurred investor fears that the rapidly spreading outbreak could slow the global economy.

ECONOMIC INDICATORS

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

3 Months	7.42
6 Months	8.06
12 Months	8.58

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

2 Year	8.95
3Year	9.30
4 Year	9.60
5 Year	9.70
6 Year	9.70
7 Year	9.80
8 Year	9.85

LIBOR

	USD	EUR	JPY	GBP
1 Month	1.60	(0.52)	(0.09)	0.71
3 Months	1.61	(0.45)	(0.06)	0.72
6 Months	1.59	(0.41)	(0.03)	0.74
12 Months	1.61	(0.34)	0.06	0.80

SLIBOR (27/02/2020)

Overnight	6.98%
1 Week	7.10%
1 Month	7.33%
3 Months	8.10%
6 Months	8.81%

AWPLR %

Week ending 20/02	9.59
Week ago	9.52
Year ago	12.08

AWDR %

Jan	2020	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	7.6	1.2
CCPI (YoY)	4.4	4.8	5.4	3.7
(12M W.Av)	4.1	4.3	4.4	4.1

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(Sources: Reuters, Bloomberg)