

TREASURY COMMENTARY – 31 MARCH 2020

LOCAL MARKET

MONEY

Overnight call-money traded at 6.75% on Monday (30.03.2020). Net market liquidity with the Central Bank was a Surplus of Rs.44.50 Bn on Monday from a Surplus of Rs.57.85 Bn on Friday (27.03.2020).

FIXED INCOME SECURITIES

At the SLDB auction held during 26-30 March 2020, maturities of 1 year 4 months and 4 years 10 months settled at the fixed weighted average rates of 6.29 percent and 6.50 percent respectively. Bids received for maturities of 7 months and 3 years were rejected.

USD/LKR MARKET VOLUMES

VOLUME (USD Mn)
AS AT 30.03.2020

Cash	5.00
Tom	12.25
Spot	31.06
Forwards	80.70

MARKET LEVELS

Cash	188.25/191.25
Spot	188.30/191.30

INTERNATIONAL MARKET

FOREX

The dollar traded higher against the yen in Asian trade on Tuesday as Japanese investors and companies rushed to cover a shortage of the U.S. currency before their fiscal year end, but sentiment remained fragile as the global coronavirus crisis showed no signs of abating.

The dollar rose 0.23% to 108.06 yen in Asian trade.

In the offshore market the yuan was little changed at 7.1114 versus the dollar. China's currency eased on Monday after the People's Bank of China unexpectedly cut its reverse repo rate by the most in almost five years.

The pound fell against the dollar and the euro as a sovereign ratings downgrade continued to weigh on the pound underlining the strain on public finances from a much needed massive fiscal stimulus.

COMMODITIES

Gold prices eased on Tuesday as the U.S. dollar held firm, while fears of further economic fallout from the coronavirus pandemic provided some support to bullion, which is on track to post its sixth straight quarterly gain. Oil recovered some ground on Tuesday as U.S. President and Russian President agreed to discuss stabilizing energy markets, but prices remain near 18-year lows as the coronavirus shutdown destroys demand.

ECONOMIC INDICATORS

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

3 Months	7.00
6 Months	7.25
12 Months	7.50

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

2 Year	8.95
3Year	9.05
4 Year	9.27
5 Year	-
6 Year	-
7 Year	9.60
8 Year	-

LIBOR

	USD	EUR	JPY	GBP
1 Month	0.99	(0.40)	(0.12)	0.25
3 Months	1.45	(0.29)	(0.05)	0.56
6 Months	1.07	(0.24)	(0.02)	0.70
12 Months	0.97	(0.19)	0.09	0.84

SLIBOR (30/03/2020)

Overnight	6.75%
1 Week	6.85%
1 Month	7.05%
3 Months	7.64%
6 Months	8.34%

AWPLR %

Week ending 27/03	9.29
Week ago	9.37
Year ago	12.22

AWDR %

Feb 2020	8.06
Jan 2020	8.14
Year ago	8.88

INFLATION (%)

	December 2019	January 2020	February 2020	Year ago
NCPI (YoY)	6.2	7.6	8.1	2.4
CCPI(YoY)	4.8	5.7	6.2	4.0
(12MW.Av)	4.3	4.5	4.6	4.1

TREASURY DIVISION

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