

TREASURY COMMENTARY – 06 APRIL 2020LOCAL MARKET**MONEY**

Overnight call-money traded at 6.75% - 6.80% on Friday (03.04.2020). Net market liquidity with the Central Bank was a Surplus of Rs.118.09 Bn on Friday from a Surplus of Rs.63.14 Bn on Thursday (02.04.2020).

USD/LKR MARKET VOLUMESVOLUME (USD Mn)
AS AT 03.04.2020

Cash	1.0
Tom	9.50
Spot	33.30
Forwards	65.30

MARKET LEVELS

Cash	195.00/199.00
Spot	195.10/199.10

INTERNATIONAL MARKET**FOREX**

The pound fell against the dollar and euro on Monday in Asian markets after British Prime Minister Boris Johnson was admitted to hospital for tests after showing persistent symptoms of the coronavirus. The yen fell against the dollar and the antipodean currencies after Japanese media reported Prime Minister Shinzo Abe may declare a state of emergency as early as Tuesday to curb an alarming acceleration in coronavirus infections. The dollar was on the back foot against the euro after data last week showed companies in the United States shed jobs at break-neck speed as the COVID-19 pandemic leads the global economy into a deep recession. Also weighing on sterling is Britain's constitution – an unwieldy collection of sometimes ancient and contradictory precedents - that offers no formal deputy or caretaker who would take over if Johnson cannot continue to lead. The coronavirus, which emerged in China late last year, has turned into a pandemic that has infected more than a million people, killed over 68,000 and paralysed large swathes of the global economy. In the offshore market, China's yuan held steady at 7.1134 per dollar. The dollar eased slightly to \$1.0814 per euro and held steady at 0.9769 Swiss franc. U.S. President Donald Trump on Sunday expressed hope that the United States was seeing a "leveling-off" of the virus crisis in some of the nation's hot spots. However, sentiment for the greenback remains fragile after a series of data last week showed U.S. job losses are soaring as draconian measures to curb the virus hurt consumer spending and factory activity.

COMMODITIES

Gold prices inched higher on Monday as bleak U.S. nonfarm payrolls data underscored the deepening economic impact of the coronavirus pandemic, although a stronger dollar limited the metal's upside. Oil prices slipped more than \$1 a barrel on Monday, after the world's top producers delayed a meeting to discuss output cuts that could partly alleviate oversupply in global markets as the coronavirus pandemic pummels demand.

ECONOMIC INDICATORS

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

3 Months	6.80
6 Months	7.10
12 Months	7.40

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

2 Year	8.80
3Year	9.25
4 Year	9.35
5 Year	9.45
6 Year	9.60
7 Year	9.70
8 Year	9.80

LIBOR

	USD	EUR	JPY	GBP
1 Month	0.98	(0.39)	(0.06)	0.23
3 Months	1.39	(0.23)	(0.02)	0.64
6 Months	1.21	(0.17)	0.02	0.71
12 Months	1.05	(0.17)	0.12	0.83

SLIBOR (03/04/2020)

Overnight	6.75%
1 Week	6.85%
1 Month	7.04%
3 Months	7.62%
6 Months	8.31%

AWPLR %

Week ending 27/03	9.24
Week ago	9.29
Year ago	11.94

AWDR %

March 2020	7.90
Feb 2020	8.06
Year ago	8.88

INFLATION (%)

	January 2020	February 2020	March 2020	Year ago
NCPI (YoY)	7.6	8.1	-	2.4
CCPI(YoY)	5.7	6.2	5.4	4.3
(12MW.Av)	4.5	4.6	4.7	4.1

TREASURY DIVISION

Level-11

Tel: FX: 2664843-6 (Priyantha/Chaaminda/Chandika/Ramesha) Fax: 2664854

Interest Rates: 2664850-3 (Priyantha / Thayalan/ Sanka)

E-mail: forex@hnb.lk Fitch Rating: AA-(Ika.)