

## TREASURY COMMENTARY – 09 APRIL 2020

### LOCAL MARKET

#### **MONEY**

Overnight call-money traded at 6.45% - 6.50% on Wednesday (08.04.2020). Net market liquidity with the Central Bank was a Surplus of Rs.71.99 Bn on Wednesday from a Surplus of Rs.111.81 Bn on Monday (06.04.2020).

#### **FIXED INCOME SECURITIES**

At the Treasury Bond auction held on 08th April 2020, Treasury Bonds maturing 01.09.2023, 15.09.2024 and 15.10.2027 were sold at 8.50 %, 8.70 % and 8.90 % respectively.

#### **USD/LKR MARKET VOLUMES**

VOLUME (USD Mn)  
AS AT 08.04.2020

Cash	10.00
Tom	35.00
Spot	11.50
Forwards	65.75

#### **MARKET LEVELS**

Cash	195.75/200.75
Spot	195.85/200.85

### INTERNATIONAL MARKET

#### **FOREX**

Risk-sensitive currencies climbed on Thursday in Asian trading on budding optimism the coronavirus pandemic may be peaking although the euro was dented by the European Union's failure to agree on more support for their weakened economies. The Australian dollar fetched \$0.6233, trading near its highest level since mid-March and extending its rally from its 17-year trough of \$0.5510 touched three weeks ago. The euro stood at \$1.086, having slipped 0.35% on Wednesday, after European Union finance ministers failed in all-night talks to agree on more economic support for their coronavirus-stricken economies. Two main sticking points were conditions for access to emergency credit lines in the euro zones's bailout fund and the notion of issuing joint debt by the bloc, so-called "coronabonds".

The euro's drop overnight helped to lift the dollar index a tad to 100.120. But the index is down 0.5% so far this week as safe-haven flows to the U.S. currency eased on rising hopes much of Europe and the United States could soon see themselves out of the worst period of the COVID-19 pandemic. On top of hopes of a peak in the epidemic, commodity-linked currencies, including the Aussie, got an additional boost from hopes that major oil producing countries could agree to cut output at a video conference on Thursday. Media reports suggested Russia would cut its output and Algeria's energy minister said he expected a "fruitful" meeting though there remained tensions between the world's top three producers, the United States, Saudi Arabia and Russia.

#### **COMMODITIES**

U.S. crude oil stockpiles soared while fuel demand slumped last week, each by their most in one week ever, government data showed on Wednesday, as the U.S. oil industry felt the full brunt of efforts to stem the spread of the coronavirus pandemic. The oil markets have crashed as the pandemic has sapped fuel demand, virtually shutting down commercial aviation worldwide and cutting off gasoline demand as people stay home and businesses remain shuttered. Gold prices rose slightly on Thursday ahead of a U.S. weekly jobless claims report as the dollar inched lower, while increasing appetite for risk on hopes that the new coronavirus pandemic is nearing a peak limited the metal's upside.

# ECONOMIC INDICATORS

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

<b>3 Months</b>	Rejected
<b>6 Months</b>	6.80
<b>12 Months</b>	7.00

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

<b>2 Year</b>	8.55
<b>3Year</b>	8.90
<b>4 Year</b>	9.10
<b>5 Year</b>	9.25
<b>6 Year</b>	9.35
<b>7 Year</b>	9.45
<b>8 Year</b>	9.55

## LIBOR

	USD	EUR	JPY	GBP
<b>1 Month</b>	0.82	(0.38)	(0.09)	0.22
<b>3 Months</b>	1.31	(0.22)	(0.01)	0.68
<b>6 Months</b>	1.22	(0.14)	0.02	0.73
<b>12 Months</b>	1.05	(0.13)	0.11	0.84

## SLIBOR (08/04/2020)

<b>Overnight</b>	6.50%
<b>1 Week</b>	6.69%
<b>1 Month</b>	6.90%
<b>3 Months</b>	7.44%
<b>6 Months</b>	8.12%

## AWPLR %

<b>Week ending 03/04</b>	9.24
<b>Week ago</b>	9.29
<b>Year ago</b>	12.23

## AWDR %

<b>March 2020</b>	7.90
<b>Feb 2020</b>	8.06
<b>Year ago</b>	8.98

## INFLATION (%)

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

## TREASURY DIVISION

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