NEWS ROUND UP

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Boosts and bumpers in Budget

- Finance Minister says emphasis is "Enterprise Sri Lanka -Empowering the People and Nurturing the Poor"
- Policies to boost exports, tourism and investments
- Public sector gets Rs.2,500 allowance
- Allowances to military, differently-abled, students, pension revisions
- Rebooted policies to increase women in formal workforce
- Few surprises but signals far reaching reforms
- Vehicle prices revised upwards, Rs.48b for Gamperaliya
- UNF relies on sin taxes and others to boost revenue

True to expectations, Finance Minister Mangala Samaraweera yesterday presented a people-friendly Budget for 2019, balanced with maintaining policy consistency and reforms for the private sector, though the Opposition and some analysts were wary.

A segment of Samaraweera's proposals were targeted at increasing economic competitiveness, while others were focused on providing voter incentives for an election year, and revenue-generating measures. The Budget for 2019 was titled "Enterprise Sri Lanka -Empowering the People and Nurturing the Poor."

Predictably, the Government increased the salaries of public sector workers, by giving an interim allowance of Rs. 2,500 per month from 1 July. Payments to a range of social segments, including the elderly, armed forces, differently-abled, and Samurdi beneficiaries, were also listed out. A significant segment of the Budget was also dedicated to policies aimed at increasing women's participation in the formal workforce, and encouraging entrepreneurship.

Budget 2019 also raised production tax on cigarettes by Rs.5 per stick, production tax on hard liquor 750 ml by Rs.63, and a beer can by Rs.9. Given the high debt repayments in 2019, and moderate reserve levels, the Government opted on the side of caution and increased costs on small vehicles, deviating from the usual practice of reducing prices during election years. Accordingly, production tax on vehicles less than 1000cc has been increased by Rs.175,000, and for less than 1300cc by Rs.500,000.

Production taxes on electric vehicles less than 70KW will be reduced by Rs.175,000. Three-wheelers of 200cc will see their production tax increased by Rs.60,000.

The core of the Budget was focused on measures to increase exports, attract investment, promote key industries such as tourism, and improve skill levels of the workforce. However, Samaraweera had tough words for the private sector at the start of his speech, insisting that the Government was on the side of companies that were willing to be competitive.

"This Government believes in growth led by private enterprise. However, by private enterprise, what I mean is the genuine entrepreneur who uses his ingenuity to compete in a fair market, the small and mid-size businesses that embody the spirit of Sri Lankan trade and commerce, and the Sri Lankan companies that compete on the global stage and win," he said.

"There is also the other segment of the private sector, which is averse to competition and fair markets. The beneficiaries of a crony capitalism that thrived in a kleptocracy, which enriched those connected to the previous regime. These companies grew rich on the rents from walls of tariff, protection by driving up costs for 20 million citizens. They benefited from inflated Government contracts, the costs of which are still being paid-off today."

Samaraweera went onto say that these local "oligarchs" wished to see a return of the previous Government, but that his focus was to promote economic liberalisation, buttressed by a robust safety net, and State intervention to address market failures and ensure social justice.

"Some of these oligarchs yearn for the return of a dictatorship, which funnelled so much wealth into their companies and private accounts. This is a small but powerful and influential segment of the private sector. This is not the private sector that we want to see as the engine of economic growth, but is a vestige of a bygone era."

"We are creating a new breed of private enterprise, where success is through merit, and the market operates on a rules-based level playing field. Sri Lanka needs a private sector free from the protectionist mindset that continues to hold back our country's development and modernisation. We will continue this framework and strengthen its key elements. Our determination to pursue a liberal, outward-oriented economy is more steadfast than ever. Towards this end, we are continuing the phasing-out of para-tariffs and reducing barriers to trade. At the same time, we have built in safeguards with the passage of anti-dumping legislation, and the creation of a Trade Adjustment Program, to support firms and workers, in meeting the challenges of competition," he added.

Samaraweera kicked off with the key Gamperaliya program, which has been allocated Rs.48 billion in 2019, and a proposal to establish a fund under the Central Bank to provide guarantees to the SME Sector under the Enterprise Sri Lanka program.Businesses that obtain Enterprise Sri Lanka loans will also be linked with Government institutions such as ITI, ICTA, EDB, and the universities, to create a larger eco-system. Budget 2019 also proposed that 10% of State procurement be earmarked for SMEs.

Rs.1 billion has been allocated to the primary school children's nutrition effort, by providing a free glass of milk to students in all rural schools in the country. The Finance Minister pointed out that even though Sri Lanka is a low middle income country, there are an estimated Rs. 260,000 houses without sanitary facilities. Therefore the Government would allocate Rs.4 billion for construction of sanitary facilities in houses, and a further Rs.1 billion to build toilets in bus and railway stations.

"I encourage commercial establishments with more than 250 employees to provide child-care facilities. Also, selected schools will be supported to establish After-School and Vacation Centres (ACVC) within the school itself, while the private sector will also be facilitated to establish child-care facilities, through the "Rekawarana" Concessionary Loan Schemes of "Enterprise Sri Lanka."

"At present, differently-abled individuals are paid an allowance of Rs.3,000/- per month. Whilst increasing the allowance to Rs.5,000/- per month, we will expand funding to accommodate almost all the 72,000 eligible low-income individuals. Rs.4,320 million has been allocated for this. This allocation will enable us to eliminate the waiting list," he said. Rs.1.8 billion has been allocated to pay Rs.5000 per month to 26,000 patients suffering from chronic kidney disease.

"Our strategy has also been to address the issue of providing better housing for, specially the most vulnerable sectors of the society, including the low income groups in Urban, Rural and Estate sectors and the North and the East, mainly through the Urban Re-generation Project (URP) and Model Village Program, for which Rs.24,500 million has already been allocated in 2019."

To support, especially the middle-income first-time home buyers, the Government will launch a concessionary loan up to Rs. 10 million, at a 6% interest rate with a repayment period of 25 years called "Home Sweet Home" Loan. This will be for young couples buying or building their first home. This "Enterprise Sri Lanka" loan scheme will be extended to also purchase mid-range apartments and houses built by private entities.

As part of the Government's strategy to phase out para-tariffs this process will continue in 2019, where all HS codes with an import Cess will be subject to a phasing-out. The Budget has also proposed that the para-tariff phase-out takes place over a 5 year period.

"I propose to reduce the Ports and Airport Development Levy for machinery and equipment items (HS Code Chapters 84 and 85) to a maximum of 2.5%. I also propose an accelerated Cess reduction program for intermediate goods that drive up costs in sectors such as, the Construction Sector, Tourism, and Manufacturing. These items will have Cess phased-out over a 3 year period."

The Government would also implement the Trade Adjustment Program (TAP), which has been under discussion since 2016 and keep 10% on sensitive HS codes to protect some local producers. Rs.500 million is to be allocated over two years for TAP.

Budget 2019 also proposed an incentive package to attract high value investments. This includes significant capital allowances of up to 150% of investment value, and removal of up-front taxes for investments over $50 million, $100 million and$1,000 million.

"Subsequent to consultations with the private sector, we propose to make some adjustments to the Inland Revenue Act to facilitate implementation and address some pertinent concerns of industry."

A Revenue Intelligence Unit will be established at the Ministry of Finance, to take steps to assist the main Revenue Collection Departments, such as Customs, Inland Revenue and Excise, to broaden their revenue collection bases, increase total revenue collected and minimise leakages and evasion. Customs will launch the Authorised Economic Operators (AEO) Program in 2019, which will provide expedited clearance for identified low risk traders and clearing agents.

The Gem and Jewellery Industry will be supported with the PAL and Customs Duty on the importation of machinery used in lapidaries, and the PAL on the un-cut gems imported will be reduced from 7.5% to 2.5%.

In the tourism sector, Nation Building Tax (NBT) on foreign currency receipts by tourist hotels registered by the Sri Lanka Tourism Development Authority (SLTDA) will be removed. It is proposed to make it mandatory for travel agents to remit funds to hotels in US Dollars when invoiced in US Dollars. The Central Bank will issue directions in this regard.

"From 1 April 2020, any online booking/reservation website can register hotels and similar establishments offering more than 5 rooms per property only if such establishments are registered with the Sri Lanka Tourism Development Authority (SLTDA). The registration process of the SLTDA will be further simplified to facilitate this. Cess on selected items for the refurbishment of hotels will also be reduced."

To support local construction companies, no foreign construction company will be allowed to tender for Government projects, unless the project is fully foreign-financed, without forming a joint venture with a local construction or consultancy company. The Government has proposed to grant residential visas for three years to foreign nationals who invest $400,000 or more in condominiums. This process will be implemented this year. Cess on imported construction material will be reduced by 30%.

A Scholarship for Educational Excellence (SEE Fund) will be established to send the top performers of the Advanced Level exam to top foreign universities, such as Harvard, MIT and Oxford. The Rs.200 million program will be started this year. Rs.25 billion will be allocated to bridge infrastructure shortages in universities, as well as Rs.200 million to a student loan scheme for students who have completed their Advanced Level exams, to get interest-free loans up to Rs.1.1 million.

“Ran Mawath”program of Rs.10 billion to construct and maintain rural roads has been outlined in the Budget. The private sector is to be allowed to rent or lease railway carriages in the four main lines. Rs.12 billion has been allocated for pension revisions and ironing out pension anomalies. Rs.1.1 billion was also allocated to increase allowances for the armed forces.

“I propose to develop an objective, transparent and measurable criteria, to streamline the “Samurdhi”Program in a more effective manner, which will actually facilitate the addition of around 600,000 deserving households. Rs.10,000millionhasbeen allocated for this. Many deserving families have been left out,merely because of their loyalty to other political parties.”

Some private sector analysts opined there were no surprises but it was a populist and election Budget success of which largely hinges on implementation a factor that Yahapalanaya regime has lagged.

All leading Chambers of Commerce and Industry are expected to make known their views on 2019 Budget today or tomorrow after a thorough study.

FT Key take

Agriculture

- Rs. 152 b allocated for agriculture and irrigation
- Rs. 250 m to support small farmers to obtain technology to shift to higher value crops
- Climate controlled warehouses, which private sector will be invited to manage and operate
- Rs. 1.7 b allocated for agriculture sector modernisation programs
- Rs. 1.5 b for farmer insurance, Rs. 1.3 b allocated for development of fisheries harbours

Education

- Rs. 344 b allocated for education and higher education
- Rs. 6 b for ongoing education reforms including curricula reforms
- Rs. 3.6 b to support technological education
- Rs. 500 m allocated for Tamil Medium teacher training
- Scholarships for A/L students with special fund

SMEs

- Fund under Central Bank to provide guarantees to SMEs under “Enterprise Sri Lanka”
- 10% of State procurement earmarked for SMEs
- Excise duties on small trucks will be reduced along with LTV
- Rs. 50 m for Enterprise Innovation Program to support new innovative projects and technology
- Limited Liability Partnership structures to be introduced into law in 2019
- Rs. 1.2 b allocated for nanotechnology sector, Rs. 200 m for laboratories and science centre

Exports and investment

- Rs. 400 m for Export Market Access program, IRA to be revised
- Rs. 250 m for National Export Strategy, Rs. 250 m for Trade Adjustment Package
- IT initiative to train 1,000 non-technical graduates through internship programs
- Removal of upfront costs for investments over $ 50 m, capital allowances from 100%-150% (Dailyft)

CSE recovers on bargain hunting; rupee gains

Sri Lankan shares rose on Tuesday, recovering from a more than five-year closing low hit in the previous session, as investors picked up battered stocks, and 2019 budget proposals to increase spending and cut fiscal deficit boosted sentiment, analysts said.

The rupee closed firmer on inward remittances and dollar selling by exporters.

The Colombo Stock Exchange index closed 0.28% firmer at 5,770.57, edging up from its lowest close since 28 November 2013 hit on Friday. Markets were closed on Monday for a holiday.

The benchmark stock index fell 1.43% last week. It declined 2.9% in February, its second straight monthly fall.

Turnover was Rs. 1.2 billion ($6.71 million), more than last year's daily average of Rs. 834 million. The rupee ended firmer at 179.00/25 per dollar, compared with Friday's close of 179.70/85. Sri Lankan Finance Minister Mangala Samaraweera on Tuesday presented the 2019 budget that raises spending while setting an ambitious goal to reduce the country's large fiscal deficit.

The IMF has agreed to extend Sri Lanka's $1.5 billion loan program by one year and has reached staff level agreement to disburse the sixth tranche of the loan.

Foreign investors exited from Government securities for the second straight week in the week ended 27 February, with net sales of Rs. 3.4 billion, the Central Bank's latest data showed.

The rupee has climbed 2% so far this year as exporters converted dollars and foreign investors purchased Government securities amid stabilising investor confidence after the country repaid a $1 billion sovereign bond in mid-January.

Worries over heavy debt repayment after the 51-day political crisis that resulted in a series of credit rating downgrades dented investor sentiment as the country struggled to repay its foreign loans.

The rupee dropped 16% in 2018, and was one of the worst-performing currencies in Asia due to heavy foreign outflows. (Dailyft)

Asian shares retreat, China cuts growth target

Asian shares stepped back on Tuesday after China cut its economic growth target and pledged measures to support the economy amid growing challenges from rising debt and a dispute over trade and technology with the United States.

Australian shares dropped 0.6% while South Korea’s Kospi lost 0.5%. MSCI’s broadest index of Asia-Pacific shares outside Japan dipped 0.2% and Japan’s Nikkei dropped 0.3%.

China cut its growth target for this year to 6.0 to 6.5%, in line with expectations, from around 6.5% last year.

Premier Li Keqiang also said the country sees a budget deficit of 2.8% of GDP and the Finance Ministry set the quota for local government's special bond issues at 2.15 trillion yuan, 0.8 trillion yuan above last year's quota.

"The increase in local governments' special bond is fairly large," said Naoto Saito, chief researcher at Daiwa Institute of Research.

"Since those funds will be solely used for infrastructure investments, you cannot avoid the impression that the government is relying on investments to support the economy in the short-term rather than de-leveraging. This could cause problems in the longer term."

Wall Street's major indexes fell on Monday, with the Dow Jones Industrial Average shedding 0.79% and the S&P 500 losing 0.39%.

An unexpected fall in US construction spending, data that normally attracts little attention, was cited as a factor.

But others saw the retreat as a long overdue correction after a rally since late last year.

MSCI's World index,, a gauge of 23 developed markets, has risen 16.6% from its near two-year low set on Dec. 26 low, even as the earnings outlook stagnated, driven by hopes of a dovish Fed and a compromise between Beijing and Washington on trade.

The index is now trading at 14.6 times expected earnings, the highest level since early October, when a bear market began globally.

Thus a media report on Monday that US President Donald Trump and Chinese President Xi Jinping could reach a formal trade deal at a summit around March 27 prompted profit-taking rather than follow-through buying.

The 10-year US Treasuries yield dropped to 2.724% after touching from six-week highs of 2.768% in the past two sessions.

In currency markets, the dollar held an upper hand against many of its rivals as other major central banks are seen tilting to a more dovish stance than the Federal Reserve.

The euro fetched $1.1339, having dropped 0.25% on Monday, amid expectations the European Central Bank is preparing to give banks more cheap, long-term funding at its policy meeting on Thursday.

The dollar traded at 111.75 yen, off a 10-week high of 112.08 on Friday.

Gold has fallen for four days in a row by Monday to as low as $1,283.10 per ounce, its lowest level since January 25. It last stood at $1,286.6. Silver hit two-month lows of $15.0725 per ounce.

Oil prices held firm after OPEC ally Russia said it would ramp up supply cuts.

US crude futures stood at $56.41 per barrel, down 0.3% in early Asia but still up 1% on the week.
(Dailyft)

Bond market yields end mostly unchanged ahead of weekly bills auction

The secondary bond market yields were seen closing the day mostly unchanged against its previous days closings, subsequent to increasing during morning hours of trading. Selling interest on the three liquid maturities of 01.08.26 and the two 2027's (i.e. 15.01.27 and 15.06.27) saw its yields increase to daily highs of 11.16%, 11.20% and 11.27% respectively. However, buying interest at these levels curtailed the upward movement while activity was witnessed on the maturities of the two 2021's (i.e. 01.08.21 and 15.12.21), two 2023's (i.e. 15.07.23 and 15.12.23), 15.03.25, 01.09.28 and 01.05.29 at levels of 10.70% to 10.75%, 10.77% to 10.79%, 10.90% to 10.95%, 10.90% to 10.94%, 11.15%, 11.32%, 11.35% to 11.37% respectively as well.

At today's weekly Treasury bill auction, a total amount of Rs. 24 billion will be on offer, consisting of Rs. 4 billion on the 91 day, Rs. 6 billion on the 182 day and Rs. 14 billion on the 364 day maturities. At last week's auction, the weighted average on the 364 day bill decreased by 06 basis points to 10.67% while all bids received on the 182 day and 91 day bills were rejected.

The total secondary market Treasury bond/bill transacted volumes for 1 March was Rs. 13.61 billion.

In the money market, the overnight call money and repo rates averaged at 8.89% and 8.93% respectively as the net liquidity shortfall decreased further to Rs.27.41 billion yesterday. The Open Market Operations (OMO) department of Central Bank was seen infusing an amount of Rs. 10.00 billion by way of an overnight reverse repo auction at a weighted average of 9.00%.

Rupee appreciates

The rupee rate on its spot contract was seen appreciating yesterday to close the day at Rs. 179.00/10 against its previous day's closing level of Rs. 179.55/70 on the back of selling interest by banks.

The total USD/LKR traded volume for 1 March was $ 110.21 million.

Some of the forward USD/LKR rates that prevailed in the market were: 1 month - 179.95/10; 3 months - 181.80/10 and 6 months - 184.65/95. (Dailyft)

Money market liquidity improves to over a five-month high

The secondary bond market rallied towards the latter part of the week ending 1 March, driving yields lower on the back of the staff level agreement reached between the International Monetary Fund (IMF) and the Government of Sri Lanka. The downward rally in yields was further supported by the significant boost received to the prevailing liquidity shortfall in the money market, as the overall liquidity shortfall was seen reducing to Rs. 40.71 billion by the end of the week, to a level last seen during mid-September 2018 against its previous week's Rs. 117.35 billion.

In addition, the drop on the 364-day bill weighted average at the weekly Treasury bill auction, reversing two consecutive weeks of increases added further impetus to the downward rally in bond yields.

The overall yield curve witnessed a parallel shift downward for a second consecutive week with the liquid maturities of two 2021s (i.e. 01.08.21 and 15.12.21), 15.12.23, two 2027s (i.e. 15.01.27 and 15.06.27), 01.09.28 and 01.05.29 decreasing to hit intraweek lows of 10.72%, 10.74%, 10.92%, 11.12%, 11.15%, 11.26% and 11.30% against its previous week's closing levels of 10.80/88, 10.85/88, 11.00/05, 11.25/32, 11.27/32, 11.35/45 and 11.43/53. Furthermore, the latest one-year bill was seen changing hands at 10.55% in the secondary bill market against its weighted average rate of 10.67%.

Meanwhile, the foreign holding in Sri Lankan Rupee bonds recorded an outflow for a second consecutive week to the tune of Rs. 3.43 billion for the week ending 27 February.

The daily secondary market Treasury bond/bill transacted volume for the first four days of the week averaged Rs. 6.06 billion. In money markets, the Open Market Operations (OMO) Department injected liquidity throughout the week on an overnight basis at weighted averages ranging from 8.93% to 9.00%

in addition to injecting funds by way of a three- to seven-day reverse repo auctions at weighted averages ranging from 8.75% to 8.94%. The overnight call money and repo rates averaged at 8.96% and 8.98% respectively during the week

Rupee market fluctuates during the week

The rupee on spot contracts continued to fluctuate during the week, within a high of Rs. 179.60 to a low of Rs. 180.20 before closing the week higher at Rs. 179.55/70 against its previous week closing levels of Rs. 179.55/65. The daily USD/LKR average traded volume for the four days of the week stood at $ 87.77 million.

Some of the forward dollar rates that prevailed in the market were: one month – 180.50/75; three months – 182.35/65; and six months – 185.15/45. (Dailyft)

February inflation rises to 4%

Inflation in February rose slightly to 4% from 3.7% in January, largely due to increases in non-food items, according to the Census and Statistics Department.

The YoY inflation as measured by CCPI is 4.0% in February 2019 and inflation calculated for January was 3.7% (Table3). YoY inflation of Food Group has increased from -2.1% in January 2019 to -1.4% in February 2019 and that of Non-food Group has increased from 6.3% in January to 6.4% in February during this period.

The CCPI for all items for the month of February 2019 was 126.8 and it records a decrease of 0.6 index points that is 0.51 percentage points compared to the month of January 2019 for which the index was 127.4. This represents a decrease of expenditure value by Rs.390.26 in the 'Market Basket'.

A decrease in the index point by 0.51% was due to the expenditure value decrease of Food items by 0.61% and increase of Non Food items by 0.11%.

For the month of February 2019, on year to year basis, contribution to inflation by food commodities was -0.41%. The contribution of Non Food items was 4.43%. This was mainly due to increases in value change in groups of 'Housing, Water, Electricity, Gas and Other Fuels' (1.32%), 'Education' (1.03%), 'Transport' (0.71%), 'Health' (0.70%), 'Restaurants & Hotels' (0.38%), 'Furnishing Household Equipment's & Routine Household Maintenance' (0.20%), 'Clothing and Footwear' (0.15%), 'Alcoholic Beverages Tobacco and Narcotics' (0.12%), 'Miscellaneous Goods and Services' (0.04%) and 'Recreation and Culture' (0.04%) and decrease in value change were reported for the group 'Communication' (0.26%).

The moving average inflation rate for the month of February was 4.1%. The corresponding rate for the month of January was also 4.1%.

The CCPI is an economic indicator constructed to measure inflation which is defined as percentage change in CCPI over the year. There are two measures of inflation in general use. One measure is year on year base or point to point inflation (the percentage change in the CPI during the last 12 months). The other measure is moving average inflation (the percentage difference between the average price index of last 12 months and the average price index of previous 12 months). (Dailyft)

Asian Stocks Trade Mixed; Dollar Pushes Higher: Markets Wrap

Asian stocks traded mixed Wednesday after their U.S. peers struggled to make headway in the absence of market-moving catalysts. The dollar gained for a sixth day.

Shares in Japan and Korea slipped, while stocks in Australia, Hong Kong and China posted modest gains, after the S&P 500 Index closed little changed. The yield on 10-year Treasuries ticked lower amid comments from Federal Reserve Bank of Boston President Eric Rosengren that a pause in lifting rates

may last several meetings. The Australian dollar sank after weak data on the economy spurred traders to raise bets on interest-rate cuts. The yuan retreated.
More than 70% Shanghai Composite members now trading above 200-day moving average

"Investors have already priced in a lot of good news," Michael Arone, chief investment strategist at State Street Global Advisors, told Bloomberg TV in New York. "What we now need to see is a real stabilization in economic growth and corporate profits."

Investors are looking for firm details about a possible U.S.-China trade deal that's helped drive a surge in global equities over the past two months. The bond market signals more caution and Morgan Stanley is now predicting Treasury yields will drop as low as 2.35 percent by the end of the year. Traders will get the latest read on the U.S. expansion Friday with the monthly jobs report after China on Tuesday lowered its target for economic growth.

Meanwhile, the Aussie weakened as economic growth slowed in the final three months of 2018, missing estimates. Traders lifted wagers that the central bank will need to lower interest rates, and equities rallied as swaps markets now showed a greater than even odds of a cut by September.

Elsewhere, oil slipped after an industry report showed a bigger-than-expected build in U.S. crude stockpiles. The pound dipped as Reuters reported European Union-U.K. Brexit talks failed to reach a deal in Brussels on Tuesday and will resume on Wednesday.

Here are some key events coming up:

- Bank of Canada Governor is expected to keep rates on hold Wednesday due to lingering uncertainty on housing and investment, while sticking to his message that borrowing costs eventually need to head higher.
- European Central Bank policy makers are expected to leave rates unchanged amid a deteriorating outlook. President Mario Draghi will hold a news conference on Thursday after the decision.
- The U.S. jobs report Friday may show hiring moderated in February. Nonfarm payrolls may have increased by 185,000 while the jobless rate fell to 3.9 percent, according to estimates.

These are the latest moves in markets:
Stocks

- The MSCI Asia Pacific Index was little changed at 12:15 p.m. in Tokyo.
- Japan's Topix index fell 0.2 percent.
- Futures on the S&P 500 slid 0.2 percent. The underlying gauge fell 0.1 percent Tuesday.
- Australia's S&P/ASX 200 Index added 0.6 percent.
- Hong Kong's Hang Seng rose 0.3 percent.
- Shanghai Composite added 0.7 percent.
- Euro Stoxx 50 futures dipped 0.2 percent.

Currencies

- The yen gained 0.1 percent to 111.79 per dollar.
- The offshore yuan fell 0.3 percent to 6.7218 per dollar.
- The euro fell 0.1 percent to $1.1296.
- The British pound slid 0.3 percent to $1.3143.
- The Aussie fell 0.6 percent to 70.39 U.S. cents.

Bonds

- The yield on 10-year Treasuries dipped one basis point to 2.71 percent.
- Australia's 10-year bond yield fell five basis points to 2.11 percent.

Commodities

- West Texas Intermediate crude fell 0.9 percent to $56.1 a barrel.
- Gold added was little changed at $1,287.36 an ounce.

(Bloomberg)