

NEWS ROUND UP

Thursday, 07th February, 2019

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Sri Lanka rupee closes stronger, bond yields up

Sri Lanka's rupee closed stronger at 177.55/80 to the US dollar in the spot market, while bond yields were up and stocks closed 0.41 percent lower, dealers said.

The rupee closed at 178.25/45 to the US dollar on Wednesday.

Locals selling to take profits saw bond yields rise, dealers said.

Twelve month bills closed at 10.65/73 percent on Wednesday, wider from 10.66/68 percent on Tuesday.

A bond maturing on 01.08.2021 was quoted at 10.85/93 percent on Wednesday, up from Tuesday's closing of 10.80/84 percent.

A bond maturing on 15.12.2023, was quoted at 11.95/05 percent, compared to 10.95/98 percent Tuesday.

A 7-year bond maturing 01.08.2026 was quoted at 11.20/25 percent, up from the previous close of 11.15/20 percent.

A bond maturing on 15.01.2027, was quoted at 11.25/30 percent up from Tuesday's 11.20/25 percent.

A bond maturing on 01.09.2028 closed at 11.30/45 percent on Tuesday, up from 11.27/35 percent on Friday.

At the Colombo Stock Exchange, the All Share Price Index fell 0.41 percent or 24.24 points to 5,957.41, while the more liquid S&P SL20 Index was down 0.55 percent or 16.87 points to 3,057.75.

Market turnover was 249.2 million rupees with net foreign outflows of 6.8 million rupees.

Selling in Ceylon Tobacco Company, down 30 rupees to 1,400 rupees per share, weighed down the All Share.

Overall, share prices of 44 companies were up, and 78 were down. (EconomyNext)

Japanese invest in US\$3.9mn hotel in Sri Lanka's Dambulla

Japanese investors are to build a four-star hotel in Sri Lanka's Dambulla area at a cost of 3.85 million US dollars, the Board of Investment said in a statement.

It has signed a deal with Arihara Lanka Dream Company (Private) Limited to construct and operate a 36 roomed hotel which when completed will employ 80 people.

Chairman and Managing Director of Arihara Lanka Dream Company Hiroshi Arihara said they initially were interested in building a hotel in the Maldives but since this was difficult, so decided to visit Sri Lanka.

“The main attraction of this hotel is proximity to water, since it is close to the lake. We also have an excellent view on the Sigiriya rock fortress.

”We are essentially targeting guests from the European Union countries but also from Japan as well as other nationalities. I also wish to add that in Japan, Sri Lankan Auyrveda is very popular and is yet another attraction for tourism to the island.” (EconomyNext)

Sri Lanka warned to cards with microchips, vigilance, amid ATM fraud

Users of automatic teller machines have been asked by the central bank to only use cards with embedded microchips to avoid ATM fraud and also keep track of transactions.

So-called EMV card with an embedded chip was a joint development of Europay Mastercard and Visa payment systems.

"In order to strengthen the security of ATM transactions, customers are required to use EMV enabled payment cards," the Central Bank said in a statement.

"Accordingly, the Central Bank wishes to inform customers to exercise due care and vigilance when using payment cards and ATMs in order to ensure the safety of ATM transactions.

"Any unidentified or unauthorized transactions and lost or misplaced cards should be notified to the relevant bank, immediately."

The central bank said customers who did not yet have EMV cards should request their bank for a replacement.

The statement came amid reports that data has been stolen from ATM cards in Sri Lanka. In the past authorities have found foreign fraudsters involved in such scams.

The full statement is reproduced below.

Ensuring the Safety of Payment Card Transactions

Payment cards provide customers the convenience of withdrawing cash through Automated Teller Machine (ATM) network and transacting through merchants worldwide. However, there is

a possibility that ATM and card reading machines can be abused by criminals in order to steal customer funds from their accounts.

To mitigate such incidents, international payment card security standards and best practices have been adopted in Sri Lanka's ATM and payment card network, such as issuance of cards with increased security which have an electronic chip (EMV) and provide for SMS alerts for all electronic transactions.

Few incidents of fund withdrawals using fraudulent payment cards were reported in the recent past. Central Bank of Sri Lanka, Lanka Clear (Pvt) Limited and licensed banks have initiated several measures, in addition to measures that are already in place, to mitigate such situations and enhance the security of customer funds while ensuring the safety of the banking system.

Efforts of banks, payment card issuers, acquirers and regulators need to be supported and recognized by customers in order to safeguard any payment system.

In order to strengthen the security of ATM transactions, customers are required to use EMV enabled payment cards. The EMV enabled cards carry an electronic chip which is visible at the front of the card. If the card used by a customer is not EMV enabled, a request can be made from the relevant bank to issue an EMV enabled card.

Accordingly, the Central Bank wishes to inform customers to exercise due care and vigilance when using payment cards and ATMs in order to ensure the safety of ATM transactions. Any unidentified or unauthorized transactions and lost or misplaced cards should be notified to the relevant bank, immediately. (EconomyNext)

Global stocks struggle amid gloomy German data

Europe's stock markets struggled to find direction Wednesday as investors digested downbeat German economic data following an uneventful State of the Union address by US President Donald Trump.

Frankfurt dropped 0.3 percent as official figures showed that industrial orders in Germany fell back in December, the latest sign of a slowdown in Europe's largest economy.

London stocks slipped by 0.1 percent meanwhile, with online supermarket Ocado hit by a warehouse fire, and lingering concerns over Britain leaving the European Union without a deal next month.

Paris also declined, along with Wall Street, which finished a quiet session modestly down.

German statistics office Destatis said factory orders were down by 1.6 percent in December from

the previous month.

But there was some brighter news in the data as well.

Excluding volatile large orders for items like aircraft there was a 3.5 percent increase in new business. Consumer goods firms booked a rebound after two successive monthly falls, gaining 4.2 percent.

Despite these pluses, "the message remains clear: German manufacturing is suffering, especially in intermediate goods, where the three-month rolling change slipped further in December," Pantheon Macroeconomics said in a note.

Mercedes-Benz maker Daimler added to the bad news, reporting its worst year since 2015.

Analysts also pointed to continued anxiety over Brexit. The odds of British Prime Minister Theresa May's getting concessions from EU leaders at a Thursday meeting in Brussels seemed to shrink further after comments by EU leader Donald Tusk.

He said there was a "special place in Hell" waiting for those "who promoted Brexit without even a sketch of a plan how to carry it out safely".

The comment roused British politicians, but markets were less impressed.

Market watchers said President Donald Trump's State of the Union address on Tuesday night did not have much effect on stocks.

Investors took a wait-and-see view of the administration's latest commentary on trade talks with China, which are set to resume next week.

A note from Eurasia Group said Trump gave "little indication that he is preparing to deviate from his position on major policy issues" and predicted Washington would remain "volatile" in 2019 as the White House faces opposition from congressional Democrats over immigration and other hot-button issues.

- Key figures around 2140 GMT -

New York - Dow: DOWN 0.1 percent at 25,390.30 (close)

New York - S&P 500: DOWN 0.2 percent at 2,731.61 (close)

New York - Nasdaq: DOWN 0.4 percent at 7,375.28 (close)

London - FTSE 100: DOWN 0.1 percent at 7,173.09 (close)

Frankfurt - DAX 30: DOWN 0.4 percent at 11,324.72 (close)

Paris - CAC 40: DOWN 0.1 percent at 5,079.05 (close)

EURO STOXX 50: DOWN 0.1 percent at 3,212.75 (close)

Tokyo - Nikkei 225: UP 0.1 percent at 20,874.06 (close)

Hong Kong - Hang Seng: Closed for a public holiday

Shanghai - Composite: Closed for a public holiday

Euro/dollar: DOWN at \$1.1370 from \$1.1406 at 2200 GMT Tuesday

Dollar/yen: UP at 109.97 yen from 109.96

Pound/dollar: DOWN at \$1.2936 from \$1.2945

Euro/pound: DOWN at 87.84 pence from 88.09 pence

Oil - Brent Crude: UP 71 cents at \$62.69 per barrel

Oil - West Texas Intermediate: UP 35 cents at \$54.01 per barrel (AFP)

US trade deficit fell for the first time in five months. Tariffs could be why

The trade deficit fell in November for the first time since President Donald Trump started putting tariffs on Chinese goods.

The gap between what Americans imported and exported was down \$6.4 billion from \$55.7 billion in October, according to [data](#) released by the Commerce Department Wednesday.

The drop follows five straight months of growth in the trade deficit.

The value of American exports fell in November, a shift driven by falling oil prices. But the drop in the value of goods imported was even bigger, falling 3.6%.

"It's likely that the increase in tariffs on imports from China is responsible for some of this decline," wrote Ian Shepherdson, chief economist at Pantheon Macroeconomics, in a research note.

Trump began putting tariffs on Chinese goods in July, after imposing duties on foreign steel and aluminum imports starting in March. But imports remained strong through October. That might be due, in part, to American businesses rushing to stock up inventory before the tariffs went into effect, Shepherdson said.

There are a number of factors that affect trade. Last year's federal tax cuts have put more money back into Americans' pockets, lifting demand for imports even if they're more expensive. Meanwhile, slowing global growth and a strong dollar could be a drag on exports.

The November drop did not reverse the trend for the year. The trade deficit grew by more than 10% for the first 11 months of 2018, Wednesday's report said.

The report was delayed by the 35-day partial government shutdown, which impacted the Commerce Department. (CNN)