

NEWS ROUND UP

Tuesday, 17th September, 2019

Contents

Sri Lanka rupee closes weaker, gilt yields flat.....	2
Sri Lanka coconut auction sales volume down.....	2
China-run Hambantota port in Sri Lanka links with Thailand's Ranong	3
Finance Ministry warns public to be wary of false reports.....	4
Oil up stocks down as drone attack slashes Saudi output	4

Sri Lanka rupee closes weaker, gilt yields flat

The Sri Lanka rupee closed weaker at 180.48/55 to the US dollar on Monday, while bond yields remained unchanged, brokers and dealers said.

The rupee closed at 180.25/35 against the greenback in the spot market on Thursday.

Liquidity in the overnight money market was 6.44 billion rupees, up from 2.91 billion rupees Thursday.

The central bank injected 6.45 billion rupees at 7.43 percent in an overnight repo auction.

In another term repo auction held 7.75 billion rupees at 7.4 percent was to be settled today and 5 billion rupees at 7.46 maturing in 7 days is to be settled tomorrow.

In the secondary bond market, gilt yields remained unchanged in dull trading, dealers said.

A bond maturing on 15.10.2021 closed at 9.90/10.10 percent on Monday, stable from 9.90/10.05 percent at Thursday's close.

A bond maturing on 15.03.2023 remained unchanged at 9.85/10.00 percent.

A new bond maturing on 15.09.2024 closed at 10.35/38 percent, up from 10.33/38 percent.

A bond maturing on 01.08.2026 was quoted not quoted.

A bond maturing on 01.05.2028 was quoted not quoted.

A 15-year bond maturing on 15.09.2034 was quoted at 10.95/11.00 percent gaining from 10.80/10.80/95 percent. (EconomyNext)

Sri Lanka coconut auction sales volume down

Volumes sold at Sri Lanka's weekly coconut auction in Colombo fell to 591,003 nuts at the auction on September 12 in Colombo, down from 912,537 nuts a week earlier.

The coconuts sold for prices between 20,000 rupees to 24,100 rupees per thousand nuts. The average price was not released.

This week 2,263,235 nuts were offered at the auction.

Last week 2,571,455 nuts were offered at 912,537 nuts were sold at a range of 20,000 to 24,900.

The average price was not published. The main buyers at the auction are desiccated coconut millers.

Sri Lanka's coconut output is estimated to have rise 27.5 percent to 1.843 million nuts in the seven month to July 2019 from a year earlier.(EconomyNext)

China-run Hambantota port in Sri Lanka links with Thailand's Ranong

Sri Lanka's China managed Hambantota Port has inked a deal with Thailand's Ranong port with a view to developing shipping routes in the region, the company said.

A joint working group will be established to develop coastal shipping in the Bay of Bengal between the two ports.

Ranong Port had recently signed an agreement with India's Krishnapatnam port.

Hambantota International Port says it will support Thailand's policy of boosting trade with India and Sri Lanka under the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC).

Thailand is currently following a policy to boost trade with India, Bangladesh, and Sri Lanka under the framework of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC).

"We are very happy to be a part of this initiative as it is looking at developing the BIMSTEC region to the benefit of all its partners," Ray Ren, CEO of Hambantota International Port Group (HIPG) said in a statement.

"With HIP now coming strongly into this play, we can see it becoming an important nodal which will facilitate the movement of cargo not only in the region but also countries to the west of Sri Lanka."

Hambantota is already transshipping Indian cars to Africa and the elsewhere. Thailand is also a key auto manufacturing hub.

HIPG says there are also potential in an industrial zone by the side of the Hambantota port.

"The industrial zone, which will be situated adjacent to the docks in the bonded area of the Hambantota Port is a totally new offering for the region," Ren said.

"It will also make HIP the gateway port for the southern region of Sri Lanka."

China has also revived the idea of building a canal across Thailand, which will reduce shipping times to China and Japan, and help by pass a choke point of the Malacca straits. (EconomyNext)

Finance Ministry warns public to be wary of false reports

Finance Ministry yesterday said it has received reports that fraudulent documents with the heading of the Department of Trade Investment Policy of the Ministry of Finance and the name and title of its Director General have been sent to Sri Lankans immigrants, stating that Sri Lankans working abroad will be granted duty-free vehicle permits.

The Ministry of Finance urges the public not to be fooled by the scam carried out by distributing these false reports through Facebook and other social media channels and other media.

It is emphasised that the Ministry of Finance has not implemented a proposal to issue permits for Sri Lankans working abroad to obtain duty-free vehicles.

The Ministry informs the public that all propaganda carried out about the implementation of such a scheme is misleading and fake.

Information on such services provided to the public by the Department of Trade and Investment Policy of the Ministry of Finance are formally advertised on the official website of the General Treasury (www.treasury.gov.lk) and the public can get the accurate information on tax-free vehicles from the website.

Since no fees of any kind are charged for the services to obtain permits for duty-free vehicles, the Finance Ministry requested the public to take legal action if they have already paid any amount to money laundering scammers.(Daily FT)

Oil up stocks down as drone attack slashes Saudi output

Crude prices took historic leaps on Monday, as investors reacted to the sudden loss of Saudi oil production capacity following devastating drone attacks over the weekend.

The record increases — North Sea Brent rocketed 14.6 percent higher, its biggest-ever one-day increase — stoked fears that costlier energy and geopolitical instability could weigh on an already slowing global economy.

Stock markets sank into the red while Iranian officials rejected US and Saudi accusations that Tehran was behind the attacks. US President Donald Trump said America was “locked and loaded” to respond but later moderated his tone, saying he hoped to avoid conflict.

Oil stocks rose, benefitting from the higher prices, but major indices in New York, Europe and Asia all fell.

Nate Thooft of Manulife Asset Management told AFP that, while the oil price increases were large, they still left prices themselves below highs reached earlier in the year.

The stock markets' reaction was also comparatively muted, said Thooft.

“The pullback is pretty minor in the grand scheme of things,” he said.

“Historically, when we had such a significant event in the Middle East, you'd see a much larger reaction.”

– Brexit hits pound again –

In China, fresh economic data showed activity had slowed last month, with the pace of industrial production, retail sales and investment in fixed assets all lower.

In foreign exchange, the dollar was down against the yen and up against the euro, while the pound slid, with the EU saying that Britain had offered no new, viable Brexit proposals after Prime Minister Boris Johnson held Brexit deal talks with EU chief Jean-Claude Juncker.

Gold, which along with the yen is seen as a haven in times of geopolitical and economic unrest, rose.

Saudi Arabia was on Monday expected to restore at least a third of the production lost to the attacks, according to experts and reports.

The Saturday strikes on national energy giant Aramco's Abqaiq processing plant and Khurais oil field knocked 5.7 million barrels per-day off production, more than half of the OPEC kingpin's output.

Saudi Energy Minister Prince Abdulaziz bin Salman said on Sunday the kingdom would use its vast inventories to partially compensate for the lost production and the United States also authorized withdrawals from the American strategic reserve — though none were yet planned.

“The attack wiped out around half of Saudi Arabia's production — representing around five percent of global daily output — and highlighted the vulnerability of security at these facilities to drone attacks,” noted Oanda senior market analyst Craig Erlam.

“Spikes in oil prices when the global economy is already flirting with the idea of recession (are) not ideal and, if repeated and sustained, could ultimately be what tips us over the edge,” he added.

Facing a dauntingly uncertain economic horizon amid the US-China trade war, the Federal Reserve is set to cut interest rates this coming week.

– Key figures around 2300 GMT –

Brent North Sea crude: UP 14.6 percent at \$69.02 per barrel

West Texas Intermediate: UP 14.7 percent at \$62.90

New York – Dow: DOWN 0.5 percent at 27,076.82 (close)

New York – S&P 500: DOWN 0.3 percent at 2,997.96 (close)

New York – Nasdaq: DOWN 0.3 percent at 8,153.54 (close)

London – FTSE 100: DOWN 0.6 percent at 7,321.41 points (close)

Frankfurt – DAX 30: DOWN 0.7 percent at 12,380.31 (close)

Paris – CAC 40: DOWN 0.9 percent at 5,602.23 (close)

EURO STOXX 50: DOWN 0.9 percent at 3,518.45 (close)

Hong Kong – Hang Seng: DOWN 0.8 percent at 27,124.55 (close)

Shanghai – Composite: FLAT at 3,030.75 (close)

Pound/dollar: DOWN at \$1.2424 from \$1.2496 at 2030 GMT

Euro/pound: DOWN at 88.56 pence from 88.66 pence

Euro/dollar: DOWN at \$1.1002 from \$1.1078

Dollar/yen: DOWN at 108.10 yen from 108.11 yen (AFP)