09th April, 2018

Primary Market Treasury Bills
Week Ending 06th Apr, 2018

<table>
<thead>
<tr>
<th>Tenor</th>
<th>W/avg.</th>
<th>Previous</th>
<th>Change</th>
</tr>
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<tbody>
<tr>
<td>3 m</td>
<td></td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>6 m</td>
<td></td>
<td></td>
<td>-</td>
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<tr>
<td>12m</td>
<td>9.91%</td>
<td>9.69%</td>
<td>+0.22%</td>
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LOCAL MARKET

The Sri Lankan Rupee strengthened by more than 0.50 cents at end of the trading week to close at 155.40 after opening at 155.70. The market was well offered with USD as exporters continued to sell dollars, while demand from importers were seen limited. According to market intelligence CBSL were seen buying the US currency around 155.40 through a state bank, lending some support to the currency. We expect the currency to trade in a wide range of 155.00-155.70 this week as market volumes may dry up ahead of the long festival weekend.

USD/LKR premiums dipped to 0.70, 2.30, 4.65, and 9.20 for tenors 1, 3, 6 and 12 months respectively on the back of the rate cut on Wednesday. Central Bank unexpectedly cut its key Standing Lending facility rates by 0.25% to fix at 8.5% while deposit rate remained at 7.25% as policy makers looking to boost growth which is lagging below expectations.

Overnight call rates dipped to 7.80%-7.85% levels after the

INTERNATIONAL MARKET

The U.S. dollar index fell against most other major currencies in late trading on Friday, as escalating trade tensions between China and the United States weighed on the market, amid weaker-than-expected March jobs report.

U.S. President Donald Trump threatened on Thursday to slap tariffs on 100 billion U.S. dollars of imports from China, ratcheting up trade tensions and plunging economic growth into uncertainty. China will fight "at any cost" and take "comprehensive countermeasures" if the United States continues its unilateral, protectionist practices, a spokesperson with the Chinese Ministry of Commerce said Friday. The moves came after both sides earlier this week unveiled a list of products worth 50 billion U.S. dollars imported from the other side that will be subject to higher tariffs. The disappointing nonfarm jobs report also dented investor sentiment. U.S. total nonfarm payroll employment edged up by 103,000 in March, way below market consensus of an increase of 193,000 jobs, the U.S. Labor Department said on Friday. The unemployment rate was unchanged at 4.1 percent in March.

In late New York trading, the euro rose to 1.2285 dollars from 1.2236 dollars in the previous session, and the British pound increased to 1.4085 dollars from 1.4001 U.S. dollars in the previous session. The Australian dollar was down to 0.7670 dollar from 0.7682 dollar.

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