

Weekly Treasury Market Report

23rd July, 2018

16th July- 20th July 2018

LOCAL MARKET

The Sri Lankan rupee closed trading at 160.00 against the USD, 0.40 cents weaker from the previous week of 159.60. The rates were driven mainly on importer and investor demand, while exporter sales were low. However, the rates were capped just above the 160.0 mark as foreign remittance led selling and possible Central Bank intervention helped the rupee to settle at 160.0 by Friday. The market volumes were also relatively subdued throughout the week registering a weekly average of Usd 55mln.

Usd/Lkr premiums ended marginally higher compared to the previous week and closed at 0.80 2.30, 4.65 and 9.50 for 1, 3 6 and 1 year respectively. We expect the Usd/Lkr to remain in a wide range of 159.00-160.00 throughout this week with an upward bias. In other news, according to Central Bank news release, Sri Lanka May trade deficit widened to Usd 933 mln up from Usd 884 mln last year, registering a year to date deficit of 4.91 bln, up from Usd 4.20 bln year ago.

Overnight call rates traded marginally higher at 8.40%-8.50%

INTERNATIONAL MARKET



The dollar declined on Monday against major currencies to its lowest in more than two weeks after U.S. President Donald Trump criticized the Federal Reserve's tightening policy, while stocks slipped on fears of further trade protectionist measures.

Trump, on Friday, lamented the recent strength of the U.S. Dollar and accused the European Union and China of manipulating their currencies.

The remarks, coupled with Trump's threats to impose tariffs on all U.S. imports from China, triggered a bout of sell-offs in Wall Street and European stocks on Friday, despite good corporate earnings. Trump's comments also hit the greenback which was last down 0.2 percent at 94.25 against a basket of six major peers, and steepened long-term Treasury yields.

Investors are now looking ahead to an important meeting on trade between Trump and European Commission President Jean-Claude Juncker at the White House. A breakdown in talks could hit risk sentiment, hurting global equities, analysts said.

The euro climbed for a third straight day to a two-week top of \$1.1746. Sterling and Jpy also firmed against the USD to 1.3125 and 110.93 respectively

In commodities, oil prices were caught between a weakening dollar which supported the market and concerns about U.S.-China trade tensions and supply increases which undermined sentiment.

(Source- Reuters)

For any queries, please contact NDB Treasury on 2446994

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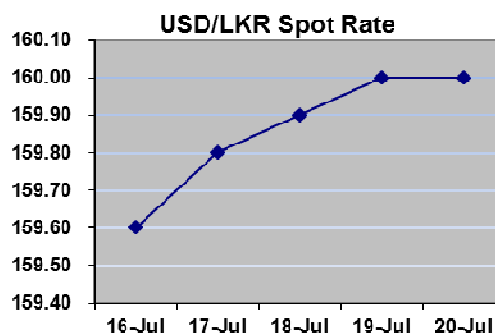
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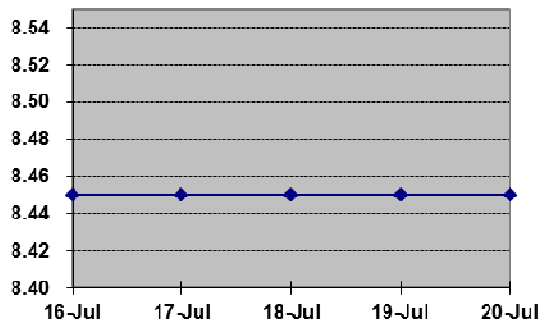
Primary Market Treasury Bills

Week Ending 20th Jul, 2018

	W/avg.	Previous	Change
3 m	8.25%	8.37%	- 0.08%
6 m	8.75%	-	-
12m	9.31%	9.43%	-0.12%



Interbank Lkr O/N rates %



As at 20th July, 2018

USD LIBOR

1 mth	2.06%
3 mths	2.34%
6 mths	2.52%
12mths	2.80%

LKR AWPL Rates

Weekly	11.42%
Monthly	11.20%
Semi Annual	11.24%

Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.1724
USD/JPY	111.41
AUD/USD	0.7415
GBP/USD	1.3125

