

# Weekly Treasury Market Report

06<sup>th</sup> August, 2018

**30<sup>th</sup> July – 03<sup>rd</sup> Aug 2018**

## LOCAL MARKET

The Sri Lankan rupee closed trading at 159.80 against the US dollar, marginally weaker from the previous week of 159.55. Exporter and investor selling helped the local currency to trade higher at the beginning of the week to touch 159.55, but reversed the trend on large importer cover to push the green back to 159.85 before closing for the week at 159.80. The trading range for the week was 159.55-159.85.

Usd/Lkr premiums ended unchanged 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 range of 159.50-160.00 throughout this week. The Rupee has depreciated by 4.2% against the US currency in 2018, while Central bank absorbed Usd 133.9mln on a net basis from the forex market by end July 2018.

In other news, Central Bank of Sri Lanka kept its key benchmark Standing Lending and Deposit Facility rates unchanged at 8.5% and 7.5% respectively, in line with the market expectations.

Overnight call money rates traded in a range of 8.30%-8.45% with market liquidity in the positive around Lkr 15.0bln.

T Bill yields closed marginally lower at 8.17% and 9.23% for 3and 12 months while 6 months auction was rejected.

## INTERNATIONAL MARKET



The U.S. dollar index edged down on Friday as investors were digesting the latest economic data from the country.

U.S. total nonfarm payroll employment rose by 157,000 in July, the Department of Labor reported on Friday. The reading was lower than market expectations of an increase between 190,000 and 195,000.

Moreover, the U.S. Institute of Supply Management (ISM) non-manufacturing index fell to 55.7 in July from the June reading of 59.1, missing market consensus of 58.6. A reading above 50 indicates expansion in the service sector while a reading below 50 signals contraction.

The dollar index, which measures the greenback against six major peers, was down 0.01 percent at 95.151 in late trading on Friday.

In late New York trading, the euro was down to 1.1579 dollars from 1.1584 dollars in the previous session, and the British pound decreased to 1.3009 dollars from 1.3019 U.S. dollars in the previous session. The Australian dollar climbed to 0.7404 dollar from 0.7361 dollar.

The U.S. dollar bought 111.23 Japanese yen, lower than 111.70 Japanese yen of the previous session. The U.S. dollar lost to 0.9940 Swiss franc from 0.9956 Swiss franc, and it went down to 1.2981 Canadian dollars from 1.3027 Canadian dollars.

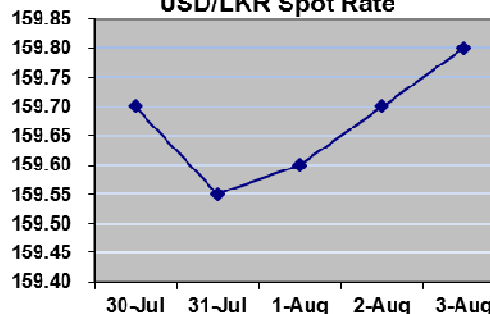
It will be a much quieter week for U.S. data with CPI the main event for markets. U.S. PPI, JOLTS job openings and weekly jobless claims will also be released, along with some second-tier data. Europe's data calendar is extremely quiet, with the euro zone Sentix index due, as well as German industrial orders, output and trade. The UK has a livelier week, with preliminary Q2 GDP on tap, along with IP and trade data. The key data event in Japan in the week ahead will be Q2 GDP; current account and machinery orders data are also due. (Source Reuters)

## Primary Market Treasury Bills

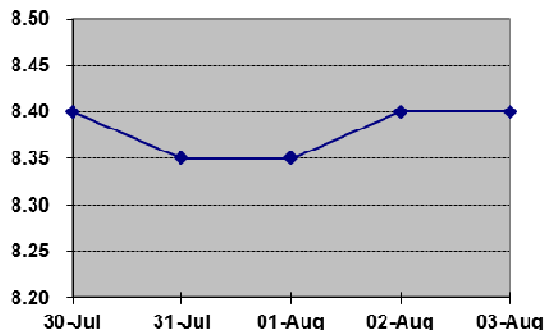
Week Ending 03<sup>rd</sup> Aug, 2018

	W/avg.	Previous	Change
3 m	8.17%	8.37%	- 0.08%
6 m	-	8.74%	-
12m	9.23%	9.43%	-0.12%

**USD/LKR Spot Rate**



**Interbank Lkr O/N rates %**



**As at 03<sup>rd</sup> Aug, 2018**

### USD LIBOR

1 mth	2.07%
3 mths	2.34%
6 mths	2.53%
12mths	2.83%

### LKR AWPL Rates

Weekly	11.52%
Monthly	11.41%
Semi Annual	11.26%

### Foreign Exchange Rates

	Friday Closing
EUR/USD	1.1568
USD/JPY	111.25
AUD/USD	0.7404
GBP/USD	1.3001

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