

Weekly Treasury Market Report

17th August, 2018

13th Aug- 17th Aug 2018

LOCAL MARKET

The Sri Lankan rupee reached an all-time low of 160.55 against the US dollar on Thursday, before closing at 160.50 during trading last week. Continuous demand from importers and foreign investors pushed the greenback higher, above the 160.00 mark as it broke the previous all-time high of 160.27 which was registered in July this year. There was no significant selling seen in the market as most exporters opted to stay in the sidelines. The market is also concerned about the continuous weakening of the Indian rupee, which crossed the 70.0 mark against the US dollar, registering an all-time low for the Indian currency. India is the one of the biggest trading partners of Sri Lanka.

We expect the current trend to continue this week as well and see a range of 160.40-160.90 with increased volatility compared to previous weeks. Usd/Lkr premiums closed up marginally lower compared to the previous week on the back of lower T bill yields to close at 0.75, 2.35, 4.70 and 9.60 for 1, 3, 6 and 12months respectively. Overnight call money rates traded lower and traded in a range of 7.90%-8.10% down by 40 basis points compared to the previous week

INTERNATIONAL MARKET

The U.S. dollar fell on Friday as investors were looking forward to the trade talks between China and the United States. Next week's trade talks between the two countries rekindled investors' hope that the two sides will find a way to ease the current trade tensions. Market demand for safe-haven currencies like the greenback was dented by the news. On economic data, the U.S. Consumer Sentiment Index released by the University of Michigan (UM) Surveys of Consumers on Friday fell to 95.3 in August from 97.9 in July, lower than analysts' expectation.

The dollar index, which measures the greenback against six major peers, decreased 0.56 percent at 96.106 in late trading. In late New York trading, the euro rose to 1.1442 dollars from 1.1365 dollars in the previous session, and the British pound was up to 1.2746 dollars from 1.2708 U.S. dollars in the previous session. The Australian dollar rose to 0.7317 dollar from 0.7259 dollar.

The U.S. dollar bought 110.60 Japanese yen, lower than 110.88 Japanese yen of the previous session. The U.S. dollar decreased to 0.9952 Swiss franc from 0.9964 Swiss franc, and it was down to 1.3054 Canadian dollars from 1.3157 Canadian dollars.

(Source- Reuters)

For any queries, please contact NDB Treasury on 2446994

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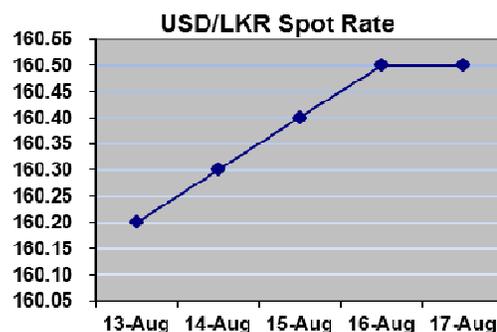
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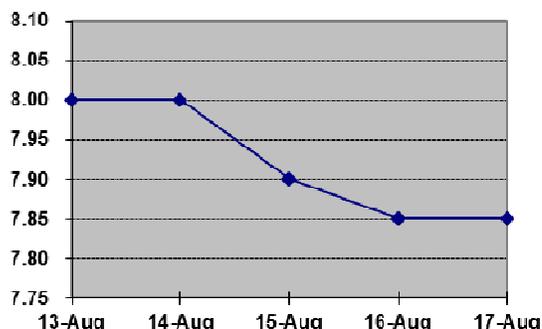
Primary Market Treasury Bills

Week Ending 17th Aug, 2018

	W/avg.	Previous	Change
3 m	8.10%	8.16%	- 0.06%
6 m	8.62%	8.73%	- 0.11%
12m	9.00%	9.16%	- 0.16%



Interbank Lkr O/N rates %



As at 17th Aug, 2018

USD LIBOR

1 mth	2.07%
3 mths	2.31%
6 mths	2.51%
12mths	2.81%

LKR AWPL Rates

Weekly	11.62%
Monthly	11.41%
Semi Annual	11.26%

Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.1438
USD/JPY	110.50
AUD/USD	0.7313
GBP/USD	1.2749

