

Weekly Treasury Market Report

02nd January, 2019

26th Dec – 01st Jan 2019

LOCAL MARKET

The Sri Lankan rupee closed 20.2% lower at 183.00 on the last working day of 2018, after opening the year at 153.50 registering a highest depreciation for a calendar year. The demand for the US currency continued for seventh straight session on Monday on the back of continued outflow of foreign funds mainly from the government bonds as political uncertainty weighed on the market sentiment. In 2018, there have been Usd 126.0 mln outflow from stocks, while government securities suffered a net Usd 878 mln of outflows through Dec. 26, the latest data from the bourse and central bank showed. The dollar closed trading at 182.80 after touching a low of 182.40 on Monday. The forward premiums closed at 0.90, 2.75, 5.85, 11.85 for 3, 6, and 12 months respectively. Overnight call money rates continue to trade in a range of 8.80%-9.0% with market liquidity of approx. Lkr 78.0 bln in the negative.

INTERNATIONAL MARKET



The dollar edged lower in thin year-end trading on Monday, as increased risk appetite weighed on demand for safe haven currencies, but the greenback remained on pace for its strongest annual performance in three years.

The dollar index, which tracks the greenback versus the euro, yen, sterling and three other currencies, was down 0.15 percent on Monday. "The U.S. dollar is heading into the end of the calendar year on the defensive as global stocks — bearing in mind that some markets are done for the year already — perk up following positive comments on U.S.-China trade from President Trump," Shaun Osborne, chief FX strategist at Scotiabank in Toronto, said in a note.

Share and commodity prices rose worldwide as hints of progress on the Sino-U.S. trade standoff provided optimism in what has been a punishing end of year for markets globally. Risk sentiment brightened slightly when U.S. President Donald Trump said he held a "very good call" with China's President Xi Jinping on Saturday to discuss trade and claimed "big progress" was being made. The two nations have engaged in a trade war for much of 2018, shaking world financial markets as punitive tariffs disrupted the flow of hundreds of billions of dollars' worth of goods between the world's two largest economies. The persistent tensions have boosted safe-haven demand for the greenback this year as investors bet that the United States is in better shape than its rivals to weather a trade war. (Source Reuters)

For any queries, please contact NDB Treasury on 2446994

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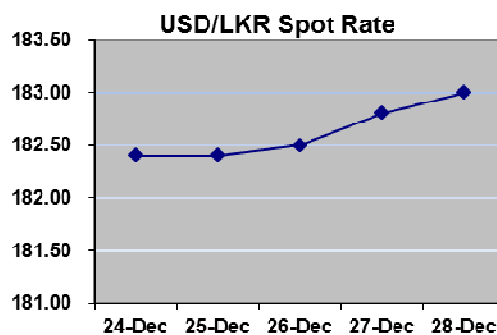
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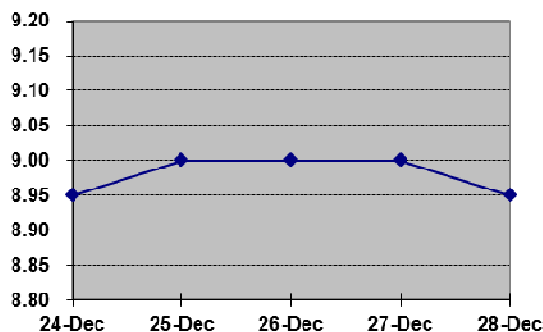
Primary Market Treasury Bills

Week Ending 31st Dec 2018

	W/avg.	Previous	Change
3 m	-	-	-
6 m	-	9.9%	-
12m	-	11.20%	-



Interbank Lkr O/N rates %



As at 31st Dec, 2018

USD LIBOR

1 mth	2.50%
3 mths	2.81%
6 m	2.87%
12mths	3.00%

LKR AWPL Rates

Weekly	12.09%
Monthly	11.94%
Semiannual	11.86%

Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.1465
USD/JPY	109.74
AUD/USD	0.7053
GBP/USD	1.2740

