

# Weekly Treasury Market Report

14<sup>th</sup> January, 2019

**30<sup>th</sup> Dec – 04<sup>th</sup> Jan 2019**

## LOCAL MARKET

The Usd/Lkr rate closed virtually unchanged at 183.00 after trading in a range of 181.60 and 182.10 during last week's trading. The market showed some stability during the last 2 weeks as continuous demand for the US currency by a state bank for the last 2 months eased, thus stabilizing the rate below 182.30, still at an all-time low. The importer and investor demand is still intact and any dip in the US currency may see attract buying interest in the medium term. The forward premiums closed unchanged except the 6 and 1 year tenors, which dipped by 0.20-0.30 cents. Premium closed at 0.90, 2.70, 5.60, 11.40 for 3, 6, and 12 months respectively.

In other news, Sri Lanka will repay the 5 year Usd 1.0 bln sovereign bond this week partly funded by country's reserves as it stood at Usd 6.9 bln at the end of 2018.

Overnight call rates stood at 9.00% last week after trading in a range of 8.85%-9.00%. Market liquidity shortfall was at Lkr 73.0bln.

## INTERNATIONAL MARKET



The U.S. dollar extended gains on Friday, as investors continue to digest the latest remarks of U.S. Federal Reserve's chair and other Fed officials, increasing their bets on fewer interest rates hikes in 2019. Fed Chairman Jerome Powell stressed patience in the central bank's policy making in a forum at the Economic Club of Washington on Thursday, saying it can move "flexibly and quickly" if economic data appear to be favorable. Powell's remarks were in line with the Federal Open Market Committee's cautious stance on Fed's monetary policy, which was shown in its Dec. 18-19 policy meeting minutes released on Thursday. Charles Evans, president of the Federal Reserve Bank of Chicago, also said on Thursday that the Fed has "good capacity to wait" in terms of determining whether to raise interest rates or not. Moreover, U.S. Consumer Price Index fell in December for the first time in nine months by 0.1 percent, also the weakest reading since March last year, according to the Labor Department on Friday. Analysts said the tepid data indicated mild inflation pressure, which would give Fed the leeway to mull their rate-hike decisions later this year.

In late New York trading, the euro fell to 1.1465 dollars from 1.1499 dollars in the previous session, and the British pound increased to 1.2845 dollars from 1.2744 U.S. dollars in the previous session. The Australian dollar increased to 0.7206 dollar from 0.7182 dollar. The U.S. dollar bought 108.48 Japanese yen, higher than 108.42 Japanese yen of the previous session. (Source Reuters)

For any queries, please contact NDB Treasury on 2446994

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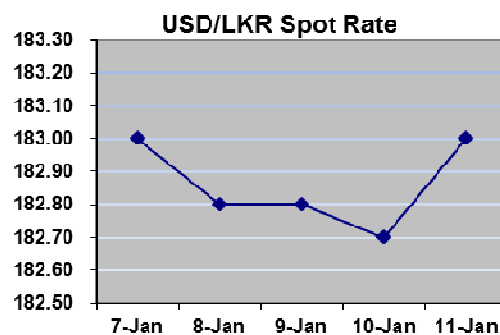
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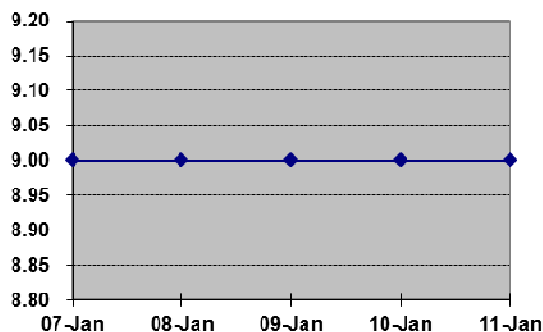
## Primary Market Treasury Bills

Week Ending 11<sup>th</sup> Jan 2019

	W/avg.	Previous	Change
3 m	-	-	-
6 m	9.94%	9.95%	- 0.01 %
12m	10.85%	10.99%	- 0.14 %



## Interbank Lkr O/N rates %



As at 11<sup>th</sup> Jan, 2019

### USD LIBOR

1 mth	2.50%
3 mths	2.78%
6 mths	2.86%
12mths	3.02%

### LKR AWPL Rates

Weekly	11.82%
Monthly	11.94%
Semiannual	11.86%

### Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.1469
USD/JPY	108.48
AUD/USD	0.7215
GBP/USD	1.2844

