

# Weekly Treasury Market Report

21<sup>st</sup> January, 2019

14<sup>th</sup> Dec – 18<sup>th</sup> Jan 2019

## LOCAL MARKET

The Sri Lankan Rupee appreciated by 0.50 cents against the USD at the end of week trading to close at 181.50, after opening at 182.00. The market witnessed increased interbank selling of US currency towards end of the week, as long term Lkr bond yields dipped approx. 25 basis points on increased buying interest. The market speculates that foreign buyers may look to reenter the bond markets as US interest rates may taper towards end 2020 and beyond. However, importer and investor demand is still intact and any dip in the US currency may attract buying interest in the medium term.

Sri Lanka plan to borrow Usd 5.0bln through issuance of sovereign bonds and loans during the first quarter of 2019 to help repay a Usd 5.9 bln loans during 2019. Forward premiums inched up by 0.10-0.15 cents across all maturities to close at 0.90, 2.85, 5.70, and 11.65 for 3, 6, and 12 months respectively.

Overnight call rates remained unchanged at 9.00% throughout last week after trading in a range of 8.85%-9.00%. Market liquidity shortfall was at Lkr 149.0bln. up from Lkr 73.0bln

## INTERNATIONAL MARKET



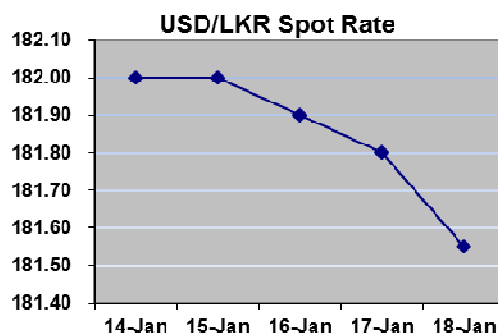
The dollar held firm against its rivals on Friday and was poised for its first weekly gain in five weeks, boosted by optimism about trade talks between China and the United States. U.S. Treasury Secretary Steven Mnuchin discussed lifting some or all tariffs on Chinese goods and suggested offering a tariff rollback during trade discussions scheduled for Jan. 30, the Wall Street Journal reported on Thursday, citing people familiar with the internal deliberations. Although a Treasury spokesman denied the report, the positive sentiment was enough to lift the dollar index and the three major U.S. stock indexes Friday morning. Chinese Vice Premier Liu He will visit the United States on Jan. 30 and 31 for talks aimed at resolving the trade standoff between the world's two largest economies. Stronger-than-expected U.S. industrial production numbers also helped lift the greenback. American manufacturing output increased by the most in 10 months in December, pushed up by a surge in the production of motor vehicles and a range of other goods, the Federal Reserve said on Friday. Going into 2019, weakness in the dollar was a consensus view among currency market traders. The bet was that the U.S. central bank would stop raising interest rates and the economy would slow after a fiscal boost last year. While expectations of a U.S. rate pause have manifested in money markets, bets on policy tightening by other major central banks have also receded giving a boost to the dollar. Against a basket of rivals, the dollar was set to rise 0.6 percent on the week, its first positive week since mid-December against the euro, the dollar had strengthened 0.25 percent - Source (Reuters)

For any queries, please contact NDB Treasury on 2446994  
Sunil Karunaratne -sunil.karunaratne@ndbbank.com  
Eranga Weerasekera -eranga.weerasekera@ndbbank.com  
Vinoth Fernando -vinoth.fernando@ndbbank.com

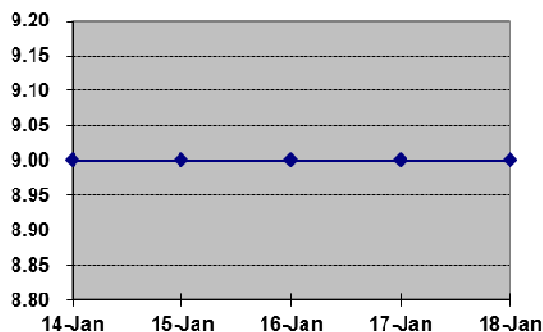
## Primary Market Treasury Bills

Week Ending 18<sup>th</sup> Jan 2019

	W/avg.	Previous	Change
3 m	-	-	-
6 m	9.87%	9.94%	- 0.07 %
12m	10.75%	10.85%	- 0.10 %



## Interbank Lkr O/N rates %



As at 18<sup>th</sup> Jan, 2019

USD LIBOR		LKR AWPL Rates	
1 mth	2.51%	Weekly	12.03%
3 mths	2.76%	Monthly	11.94%
6 mths	2.85%	Semiannual	11.86%
12mths	3.03%		

## Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.1363
USD/JPY	109.78
AUD/USD	0.7168
GBP/USD	1.2872

