

Weekly Treasury Market Report

25th February, 2019

18th Feb – 22nd Feb 2019

LOCAL MARKET

The dollar spiked almost by 1 rupee on last Monday and stayed in a range of 179.40-179.80 for the rest of the week, before closing at 179.60. The demand of the dollar was high from importers while exporter and investor selling were low compared to previous weeks. Limited buying of the dollars by Central Bank is also contributed towards the spike as exporters opted to stay on the sidelines.

On Friday, monetary board of Sri Lanka left the key benchmark Lkr rates unchanged but reduced the Statutory Reserve Requirement (SRR) by 1 pct to 5.0% which surprised the markets. The reduction of the SRR will infuse Lkr 60 bln to the market, thus easing the liquidity shortfall in the market. The move is seen by CBSL to spur already subdued GDP growth which is expected to be at 3.0pct for 2018.

Forward premiums closed virtually unchanged last week to close at 0.80, 2.70, 5.60, and 11.55 for 3, 6, and 12 months respectively. Overnight call rates remained in a range of 8.95%-9.00% throughout last week.

INTERNATIONAL MARKET



U.S. dollar dropped on Friday, as the market continued to digest negative manufacturing data of the country and investors have been buoyed by hopes in global trade. Trade optimism continued to shore up investors' risk-on sentiment, as they are closely watching this week's economic and trade consultations between China and the United States in Washington. The Australian dollar, widely seen as the barometer of global risk mood, was up to 0.7133 dollar from 0.7080 dollar on Friday.

On the economic front, new orders for core U.S.-made capital goods sank an unexpected 0.7 percent, according to the U.S. Bureau of Census on Thursday. The figure was pulled down by diminishing demands for machinery, computers, and communications equipment, which are all central to the capital goods group. What's more, the Philadelphia Fed's manufacturing activity index dropped to a reading of minus 4.1 in February, sharply down from the 17.0 in January, which turned negative for the first time since May 2016, according to the Philadelphia Federal Reserve's manufacturing survey on Thursday

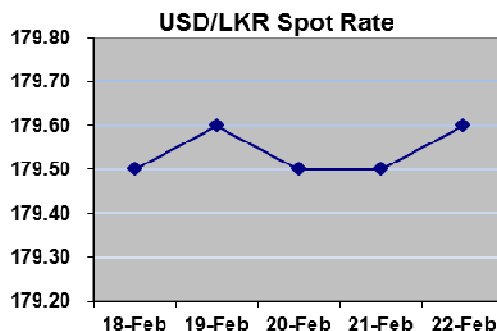
In late New York trading, the euro was up to 1.1338 dollars from 1.1336 dollars in the previous session, and the British pound was up to 1.3060 dollars from 1.3039 U.S. dollars in the previous session. The Australian dollar was up to 0.7133 dollar from 0.7080 dollar. The U.S. dollar bought 110.69 Japanese yen, higher than 110.66 Japanese yen of the previous session. The U.S. dollar fell to 1.0001 Swiss franc from 1.0013 Swiss franc, and it was down to 1.3138 Canadian dollars from 1.3224 Canadian dollars.

(Source – Reuters)

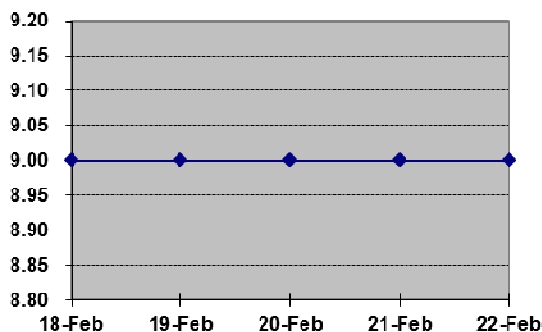
Primary Market Treasury Bills

Week Ending 22nd FEB 2019

	W/avg.	Previous	Change
3 m	-	9.57%	-
6 m	9.87%	-	-
12m	10.73%	10.72%	+ 0.01 %



Interbank Lkr O/N rates %



As at 22nd Feb, 2019

USD LIBOR		LKR AWPL Rates	
1 mth	2.48%	Weekly	12.37%
3 mths	2.65%	Monthly	12.05%
6 mths	2.71%	Semiannual	11.92%
12mths	2.90%		

Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.1335
USD/JPY	110.69
AUD/USD	0.7129
GBP/USD	1.3053

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

