

Weekly Treasury Market Report

25th March, 2019

18th Mar – 22nd Mar 2019

LOCAL MARKET

The Sri Lankan rupee remained stable against the USD throughout the week as it traded in a range of 177.90-178.50 before closing at 178.20. Market volumes were moderate as foreign investor and exporter selling helped the local currency to remain firm while importer volumes were relatively subdued. Intermittent buying of USD by the Central Bank was also evident as they purchased USD 29.0 mln net during February from the open market.

Forward premiums closed virtually unchanged last week to close at 0.90, 2.80, 5.65, and 11.40 for 3, 6, and 12 months respectively.

Sri Lanka inflation picked up to 2.4pct in the 12 months to Feb 2019 from 1.2pct in January 2018, the highest in six months according to Department of Census and Statistics. The increase is driven by higher prices on non-food category while prices of food have decreased. Nonfood inflation stood at 6.7pct in February up from 6.5pct in January 2019.

Overnight call rates remained unchanged at 8.80%-8.90% with market liquidity

INTERNATIONAL MARKET



U.S. dollar increased in late trading on Friday, amid a tumbling euro due to fears over a slowdown in the European economy, triggered by grim German manufacturing data. The Manufacturing Purchasing Managers' Index (PMI) for Germany's manufacturing sector fell to 44.7 points from 47.6 points in March, the steepest decline since August 2012, according to the preliminary PMI index published on Friday. The results are based on the monthly survey of around 500 purchasing managers and managing directors of the German manufacturing industry, provided by the German Association for Supply Chain Management, Procurement and Logistics.

In late New York trading, the euro was down to 1.1293 dollars from 1.1353 dollars in the previous session, and the British pound rose to 1.3207 dollars from 1.3075 U.S. dollars in the previous session. The Australian dollar decreased to 0.7083 dollar from 0.7107 dollar.

The U.S. dollar bought 110.06 Japanese yen, lower than 110.77 Japanese yen of the previous session. The U.S. dollar increased to 0.9944 Swiss franc from 0.9937 Swiss franc, and it was up to 1.3413 Canadian dollars from 1.3376.

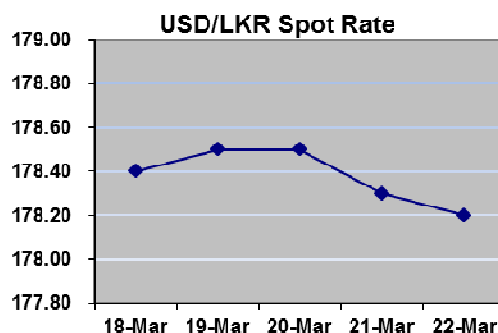
With Federal Reserve clearly in data-dependent mode and worried about global growth, upcoming U.S. data will determine if the concerns are justified. The key U.S. data this week includes final Q4 GDP, the core PCE Price Index, consumer confidence, Chicago PMI and University of Michigan consumer sentiment. There will also be a bevy of housing data including building permits, CaseShiller house prices, pending home sales and new home sales. (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

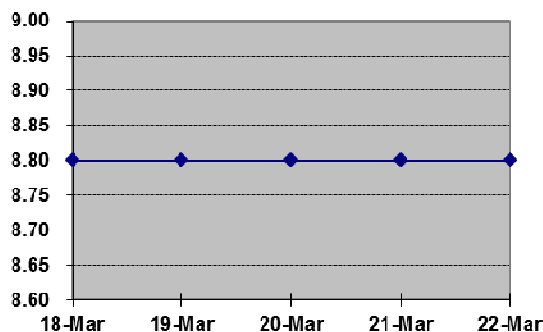
Primary Market Treasury Bills

Week Ending 22nd MAR 2019

	W/avg.	Previous	Change
3 m	9.49%	9.55%	-0.06%
6 m	9.79%	9.87%	-0.08%
12m	10.52%	10.58%	-0.06%



Interbank Lkr O/N rates %



As at 22nd Mar, 2019

USD LIBOR

1 mth	2.50%
3 mths	2.61%
6 mths	2.68%
12mths	2.79%

LKR AWPL Rates

Weekly	12.22%
Monthly	12.30%
Semiannual	12.08%

Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.1302
USD/JPY	109.92
AUD/USD	0.7083
GBP/USD	1.3209

