

Weekly Treasury Market Report

06th May, 2019

29th Apr – 03rd May 2019

LOCAL MARKET

The Sri Lankan rupee continue to weaken against the USD for the seventh straight session on Friday, as demand from the banks for U.S currency increased, while inflows to meet the demand was relatively subdued. The market volumes were moderate as general slowdown in the business activities reflected in the trading volumes as activities from importers and exporters were low. According to market sources, Central Bank also has been selling dollars in a limited scale to stem the excess volatility. The dollar closed trading at 177.30 on Friday, up 1.31% from last week level of 175.00.

Foreign investors sold government securities worth a net Usd 8.8 mln week ended 30th April, extending the net foreign outflow of Usd 56.0 mln so far this year. Forward premiums closed at 0.95, 2.75, 5.50 and 10.70 for 1, 3, 6 and 12 months.

The Lkr has appreciated by 3.4% against the dollar this year after reaching 4.6% in early April when the Usd/Lkr trading at 174.20. Overnight call rates traded in a range of 8.50%-8.60% with market liquidity improving to a weekly average surplus of Lkr 44.61 from a short at Lkr 8.027 bln a week ago.

INTERNATIONAL MARKET



U.S. dollar decreased in late trading on Friday, as investors digested a mixed batch of U.S. economic data, amid worries over slowing activities in the manufacturing sector. The Institute for Supply Management's non-manufacturing index declined to 55.5 percent in April, 0.6 percentage point down from 56.1 percent in March, which marks the slowest reading since August 2017, said the not-for-profit professional supply management organization on Friday. The reading fell far short of an estimate of 57.5 percent by economists polled by Market Watch. The disappointing data has partially offset robust U.S. job statistics in April.

U.S. total non-farm payroll employment increased by 263,000 in April, and the unemployment rate declined to 3.6 percent, said the U.S. Bureau of Labor Statistics on Friday, pointing to a bullish labor market.

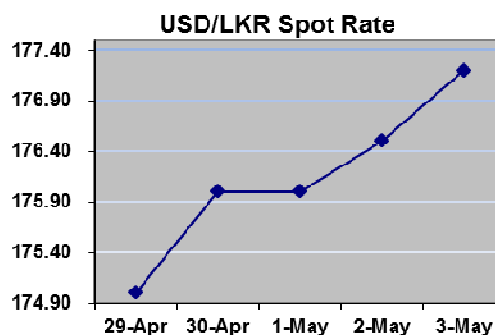
The dollar index, which measures the greenback against six major peers, decreased 0.31 percent at 97.5208 in late trading. In late New York trading, the euro increased to 1.1194 dollars from 1.1175 dollars in the previous session, and the British pound rose to 1.3164 dollars from 1.3027 U.S. dollars in the previous session. The U.S. dollar bought 111.09 Japanese yen, lower than 111.49 Japanese yen of the previous session. The U.S. dollar fell to 1.0174 Swiss franc from 1.0193 Swiss franc, and it decreased to 1.3427 Canadian dollars from 1.3470.

The Australian dollar was up to 0.7014 dollar from 0.6997 dollar but stayed bearish as market will closely watch for the rate AUD interest rate decision by RBA on Tuesday. The market is widely expecting a rate cut in the near future but divided whether it will be at the this week RBA meeting. (Source – Reuters)

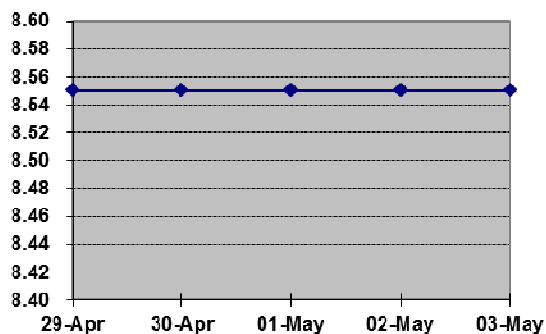
Primary Market Treasury Bills

Week Ending 03rd May 2019

	W/avg.	Previous	Change
3 m	8.89%	8.94%	-0.05%
6 m	9.09%	9.14%	-0.05%
12m	9.81%	9.91%	-0.10%



Interbank Lkr O/N rates %



As at 03rd May, 2019

USD LIBOR

1 mth	2.46%
3 mths	2.56%
6 mths	2.62%
12mths	2.75%

LKR AWPL Rates

Weekly	12.20%
Monthly	12.07%
Semiannual	12.12%

Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.1200
USD/JPY	111.09
AUD/USD	0.7023
GBP/USD	1.3171

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