

Weekly Treasury Market Report

13th May, 2019

06th May – 10th May 2019

LOCAL MARKET

The Sri Lankan rupee closed trading at 176.25 on Friday after a volatile week of trading. The rupee strengthened to 174.40 by almost 3 rupees compared to 177.30 on week ending 3rd May as interbank selling on position adjustments, coupled with exporter selling pushed the local currency higher on Wednesday. However, investor demand and importers covered pushed the Usd back above 176.20 by end of the week. Foreign investors sold government securities worth a net Usd 61.0 mln week ended 10th April, extending the net foreign outflow further by 6.99%. The current outstanding T bill and Bond holdings by foreign investors' stands at Usd 803 mln.

Forward premiums closed virtually unchanged at 0.95, 2.75, 5.50 and 10.60 for 1, 3, 6 and 12 months.

Overnight call rates traded lower compared to previous week and traded in a range of 8.35%-8.40% with market liquidity standing at Lkr 62 bln in surplus. T-bill yields dipped sharply by 0.38% on the 3 and 12 months maturities triggering speculation of a rate cut in the near future.

INTERNATIONAL MARKET



The U.S. dollar slightly weakened against its major rivals in late trading on Friday as market participants digested the newly-released consumer prices data.

The dollar index, which measures the greenback against six major peers, decreased 0.04 percent at 97.3334 in late trading.

The Consumer Price Index (CPI), a measurement of inflation, in the United States increased 0.3 percent in April on a seasonally adjusted basis, the U.S. Bureau of Labor Statistics said on Friday. Economists polled by Market Watch had forecast a 0.4-percent advance. April's 0.3-percent CPI increase came after a 0.4-percent rise in March.

Over the past 12 months ending April, the CPI rose 2 percent before seasonal adjustment, the largest 12-month increase since the period ending November 2018, according to the report. However, the rate is still well below market expectations. Some investors think the U.S. inflation might fall further this year and anticipate the Federal Reserve (Fed) to cut interest rates to spur growth. The Fed downplayed concerns about weak inflation after concluding its two-day policy meeting last week, as the central bank saw no need to alter its "patient" approach on interest-rate moves.

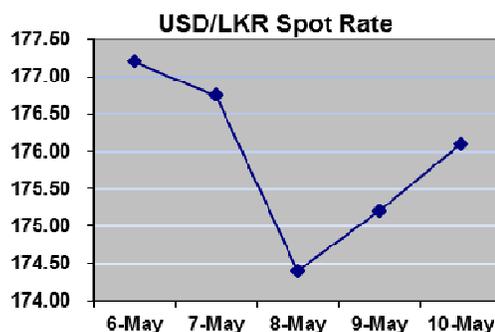
In late New York trading, the euro rose to 1.1231 dollars from 1.1224 dollars in the previous session, and the British pound decreased to 1.3007 dollars from 1.3023 U.S. dollars in the previous session. The Australian dollar rose to 0.6997 dollar from 0.6994 dollar. The U.S. dollar bought 109.90 Japanese yen, higher than 109.69 Japanese yen of the previous session. The U.S. dollar fell to 1.0125 Swiss francs from 1.0147 Swiss francs, and it decreased to 1.3421 Canadian dollars from 1.3463 Canadian Dollars. (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

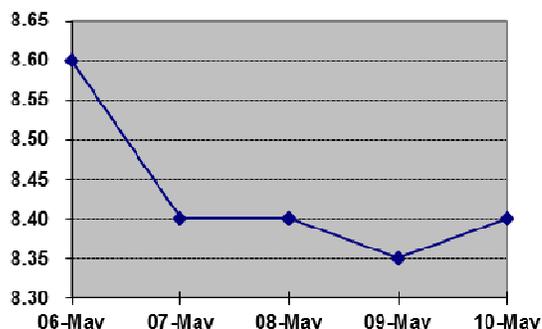
Primary Market Treasury Bills

Week Ending 10th May 2019

	W/avg.	Previous	Change
3 m	8.51%	8.89%	-0.38%
6 m	9.00%	9.09%	-0.09%
12m	9.44%	9.81%	-0.37%



Interbank Lkr O/N rates %



As at 10th May, 2019

USD LIBOR

1 mth	2.45%
3 mths	2.53%
6 mths	2.59%
12mths	2.69%

LKR AWPL Rates

Weekly	12.15%
Monthly	12.07%
Semiannual	12.12%

Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.1233
USD/JPY	109.94
AUD/USD	0.7000
GBP/USD	1.2999

