

Weekly Treasury Market Report

2nd September, 2019

26th Aug – 30th Aug 2019

LOCAL MARKET

The year on year CCPI inflation increased to 3.4 per cent in August 2019 from 3.3 percent in July 2019

Month on month basis CCPI increased by 0.1 percent in August 2019

Foreign investors have sold down 12 billion rupees of government bonds in the week to August 28, after selling over 13 billion rupees of bonds in the previous week. Foreign investors started selling bonds shortly before a rate cut in August, triggering a 1.8% depreciation of the rupee against the usd in the month of August on the back of flight to safety by investors from emerging markets.

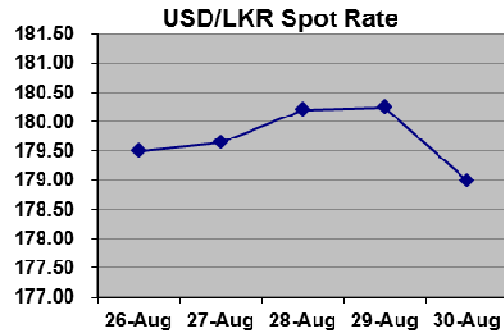
Usd/Lkr rate closed firmer at 179.00-179.30 to the Us dollar on Friday. The Rupee traded in a wide range of 179.30-181.00 week ending 30th August. Forward premiums increased across all tenors at 0.58, 1.75, 3.30 and 6.60 for 1, 3, 6 and 12 months respectively.

Overnight call rates remained at 7.50% and Market liquidity turned to a deficit of Lkr 24.23 bln end of the week.

Primary Market Treasury Bills

Week Ending 30th Aug 2019

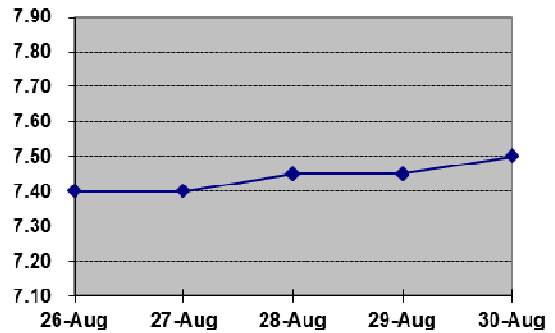
	W/avg.	Previous	Change	
3 m	7.63%	7.84%	-0.21%	
6 m	7.70%	7.89%	-0.19%	
12m	8.22%	8.31%	-0.09%	*R - Rejected



INTERNATIONAL MARKET

The U.S. dollar rose in late trading on Friday amid strong U.S. economic data. U.S. personal consumption expenditures, a key measure of household spending, rose 0.6 percent to 93.1 billion U.S. dollars in July, boosted by spending in recreational goods and vehicles, as well as household electricity and gas, the Department of Commerce said Friday. The dollar index, which measures the greenback against six major peers, increased The U.S. dollar rose in late trading on Friday amid strong U.S. economic data. U.S. personal consumption expenditures, a key measure of household spending, rose 0.6 percent to 93.1 billion U.S. dollars in July, boosted by spending in recreational goods and vehicles, as well as household electricity and gas, the Department of Commerce said Friday. The dollar index, which measures the greenback against six major peers, increased 0.4 percent at 98.9057 in late trading. In late New York trading, the euro decreased to 1.0978 dollars from 1.1052 dollars in the previous session, and the British pound fell to 1.2154 dollars from 1.2177 U.S. dollars in the previous session. The Australian dollar increased to 0.6728 dollar from 0.6727 dollar. The U.S. dollar bought 106.25 Japanese yen, lower than 106.62 Japanese yen of the previous session. The U.S. dollar increased to 0.9906 Swiss franc from 0.9873 Swiss franc, and it rose to 1.3319 Canadian dollars from 1.3301. European data remains a key focus as recession fears are on the rise. EZ manufacturing PMI will be released, along with services PMI, retail sales, and revised Q2 GDP. 0.4 percent at 98.9057 in late trading. In late New York trading, the euro decreased to 1.0978 dollars from 1.1052 dollars in the previous session, and the British pound fell to 1.2154 dollars from 1.2177 U.S. dollars in the previous session. The Australian dollar increased to 0.6728 dollar from 0.6727 dollar. The U.S. dollar bought 106.25 Japanese yen, lower than 106.62 Japanese yen of the previous session. The U.S. dollar increased to 0.9906 Swiss franc from 0.9873 Swiss franc, and it rose to 1.3319 Canadian dollars from 1.3301.

Interbank Lkr O/N rates %



As at 30th August, 2019

USD LIBOR

1 mth	2.09%
3 mths	2.14%
6 mths	2.04%
12mths	1.97%

LKR AWPL Rates

Weekly	10.66%
Monthly	10.69%
Semiannual	11.57%

Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.0989
USD/JPY	106.29
AUD/USD	0.6736
GBP/USD	1.2156

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