

Weekly Treasury Market Report

09th September, 2019

09th Sep – 12th Sep 2019

LOCAL MARKET

Usd/Lkr rate closed flat at 180.35 after trading in a wide range of 180.25-181 to the Us dollar on Thursday, with foreign outflows from government securities showing a declining trend, while equities ended a tad firmer. The Rupee traded in a wide range of 180.25.-181 week ending 12th September..

Foreign investors sold government securities worth 500 million rupees in the week ended Sept 4th. The weekly outflow last week, however, was far less than the average weekly outflow of 12.85 billion rupees in the previous week.

Forward premiums decreased across all tenors at 0.53, 1.55, 3.25 and 6.70 for 1, 3, 6 and 12 months respectively.

Weekly AWPR for the week ending 12th September 2019 increased by 4 bps to 10.64 per cent compared to the previous week.

Overnight call rates remained at 7.45% and Market liquidity was a deficit around Lkr 54.59 bln end of the week.

INTERNATIONAL MARKET



Eur-ECB cut rates by 10bps as expected. The risks to the cycle may be skewed more to the downside than the upside if indefinite QE risks curtailing the benefits of the package for the banking system.

US/China optimism: China confirmed Thursday's Bloomberg reports that it would resume some US farm purchases of products such as soy and pork in response to Trump's delay of the October 1 tariffs. These are further gestures of goodwill ahead of trade talks scheduled next month although we are awaiting details of the exact amount of purchases. In a similar goodwill move back in July, China resumed purchases of 1mmt soybeans. Meanwhile Trump did not explicitly rule out reports of an interim trade deal.

GBP/USD firm into close ending NY 1.2363, just below session high 1.2366

Pair fell in sympathy with EUR after ECB 10bp cut

GBP/USD remains resilient, holding steady just below its recent trend high by 1.2385, and could make further gains as long as there's reason to think softer Brexit outcomes are more likely.

Jpy ends the week nearly flat, testing 108.10. The pair's main session highlight was a 15pip rally on the back of a mixed, but mostly positive, US retail sales report.

(Source – Reuters)

For any queries, please contact NDB Treasury on 2446994

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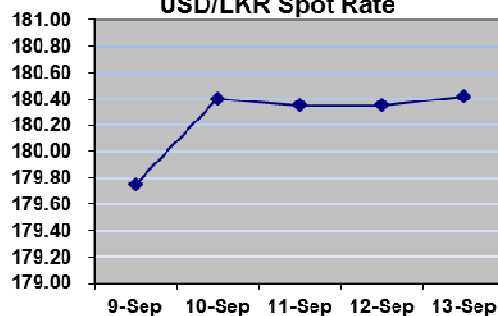
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Primary Market Treasury Bills

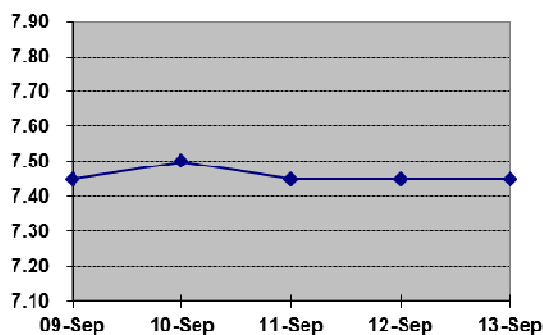
Week Ending 12th Sep 2019

	W/avg.	Previous	Change	
3 m	7.61 %	*R		
6 m	7.75 %	*R		
12m	8.36%	8.33%	+0.03%	*R -
Rejected				

USD/LKR Spot Rate



Interbank Lkr O/N rates %



As at 13th September, 2019

USD LIBOR

1 mth	2.02%
3 mths	2.14%
6 mths	2.07%
12mths	2.05%

LKR AWPL Rates

Weekly	10.64%
Monthly	10.69%
Semiannual	11.57%

Foreign Exchange Rates

	Friday Closing
	New York
EUR/USD	1.1061
USD/JPY	108.09
AUD/USD	0.6866
GBP/USD	1.2332

