

# Weekly Treasury Market Report

17<sup>th</sup> February, 2020

10<sup>th</sup> Feb – 14<sup>th</sup> Feb 2020

## LOCAL MARKET

The Sri Lankan rupee remained stable for the 7<sup>th</sup> consecutive week against the US currency, despite outflows from foreign investors from the local bond market. The rupee closed trading at 181.50 after trading in a narrow range of 181.40-181.55 throughout the week. The market was relatively quiet as trading volumes were low compared to previous weeks. Foreign investors have sold rupee bonds for the third week in a row, taking the total down to Lkr 103.8 billion in the week to February 12, 2020, as per the CBSL data. Foreign investors were net buyers of rupee bond in the week to January 22, 2020 when the total rupee bonds held by foreigners went up to Lkr 114.4 billion rupees from Lkr 109.5 billion a week earlier.

Rupee premiums moved higher compared to last week, up at 0.50, 1.60, 3.20 and 6.30 for 1, 3, 6 and 12 months respectively.

Overnight call rates closed at 6.95% unchanged, after trading in a range of 6.95%-7.00%. The deficit in market liquidity increased last week as total outstanding market liquidity was at Lkr. 6.349 bln by end of the week, compared to a deficit of Lkr. 5.472 bln by the end of last week.

## INTERNATIONAL MARKET



The euro weakened against all major currencies on Monday, as concerns mounted about weakening economic growth in Europe at a time financial markets and policymakers fret about a new threat to the global economy from a fast spreading coronavirus in China.

The euro, which hit a 33-month low of \$1.0817 on Friday, fetched \$1.0838 in early Asian trade on Monday; flat so far on the day but down 2.3% since the start of month.

The German economy stagnated in the fourth quarter due to weaker private consumption and state spending, data showed on Friday, renewing fears of a recession at a time Chancellor Angela Merkel's conservatives are preoccupied with a search for a new leader.

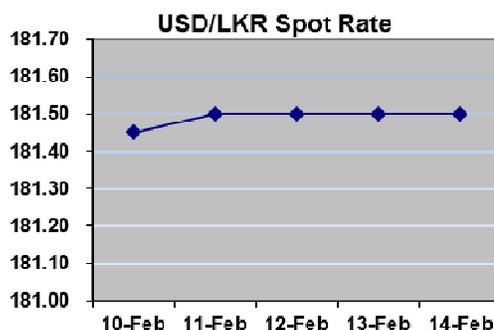
Europe's biggest economy posted zero growth from the previous quarter while separate data showed euro zone gross domestic product grew 0.1% quarter-on-quarter in the fourth quarter, in line with forecasts but the weakest since 2014. Most market players expect stronger growth in the United States although data published on Friday provided a mixed picture. U.S. core retail sales were flat last month, lagging expectations of 0.3% growth while its rise in December was revised down to 0.2% from a previously reported 0.5%. Industrial production also shrank more than expected by 0.3%. Still, economists have blamed one-off factors such as warm weather and output suspensions stemming from troubles at Boeing for the downbeat numbers. Japan's economy was also under increasing strain, with GDP figures released on Monday coming in far below economist' forecasts, hitting Tokyo shares even though reaction in the currency market was muted. The world's third-largest economy shrank 1.6% in the three months to December, the largest drop in six years, hit by sales tax hike. The yen stood at 109.81 yen per dollar. (Source – Thomson 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

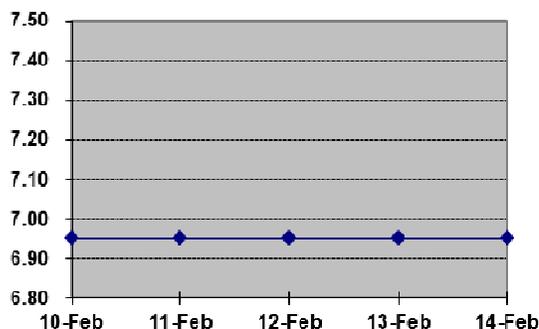
## Primary Market Treasury Bills

Week Ending 14<sup>th</sup> Feb 2020

	W/avg.	Previous	Change	
3 m	7.36%	7.37%	-0.01%	
6 m	8.04%	7.99%	+0.05%	
12m	8.55%	8.42%	+0.13%	*R - Rejected



## Interbank Lkr O/N rates %



As at 14<sup>th</sup> February, 2020

USD LIBOR		LKR AWPL Rates	
1 mth	1.66%	Weekly	9.52%
3 mths	1.69%	Monthly	9.68%
6 mths	1.71%	Semiannual	10.26%
12mths	1.79%		

## Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.0830
USD/JPY	109.74
AUD/USD	0.6713
GBP/USD	1.3046

