

Weekly Treasury Market Report

15th June, 2020

08th Jun – 12th Jun 2020

LOCAL MARKET

The Sri Lankan Rupee ended marginally weaker against the US dollar at 185.40 on Friday, after trading in a range of 185.00-185.40 last week. Weekly average trading volumes increased to Usd 59.0mln from Usd 38.0mln as demand for the green back from importers increased after Central Bank bought dollars in the open market around 185.10-185.25 levels. Demand for Usd in the forward maturities is also on the rise as Usd/Lkr premiums are at relatively low for last couple of weeks. Rupee premiums closed at 0.20, 0.50, 1.20 and 2.50 for 1, 3, 6 and 12 months respectively. In other news, S&P has downgraded Sri Lanka's long-term foreign and local currency sovereign ratings to B- from B, citing the countries substantially weakened fiscal position amid the coronavirus outbreak. However, S&P gave Sri Lanka's rating a stable outlook based on its expectation that the government still has access to various multilateral and bilateral resources that could raise the country's foreign exchange reserves to meet its immediate debt obligations. The rating agency also maintained Sri Lanka's short-term foreign and local currency ratings at B. Overnight call rates closed at 5.80% unchanged, after trading in a range of 5.75%-5.90%. The market liquidity increased to Lkr 63.68 bln from Lkr. 30.61 bln a week ago.

INTERNATIONAL MARKET



The Australian and New Zealand dollars fell against their U.S. counterpart on Monday as fears of a second wave of the coronavirus in Beijing prompted investors to sell currencies sensitive to risk. The Chinese yuan also dipped in offshore trade after Beijing recorded dozens of new cases of the novel coronavirus in recent days, all linked to a major wholesale food market. The British pound declined against the greenback due to concerns trade negotiations between Britain and the European Union are not making enough progress. The Australian dollar fell 0.36% to \$0.6828, while the New Zealand dollar declined by 0.43% to \$0.6420. Sterling shed 0.2% to trade at \$1.2514, while the euro held steady at \$1.1254.

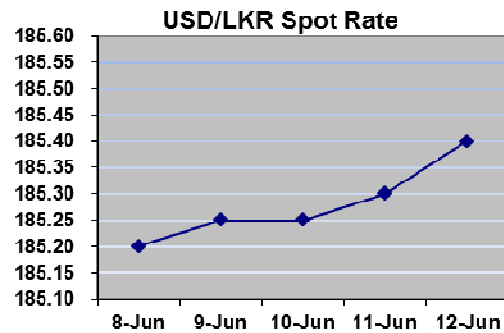
Several U.S. states reported a record increase in new coronavirus cases and hospitalizations as officials pushed ahead with plans to reopen their economies, according to a Reuters tally. The global economy has only just regained its footing after the pandemic slammed the breaks on business activity earlier this year. Another large outbreak could roil financial markets, which had been rallying recently on hopes for economic recovery. (Source – Thomson Reuters)

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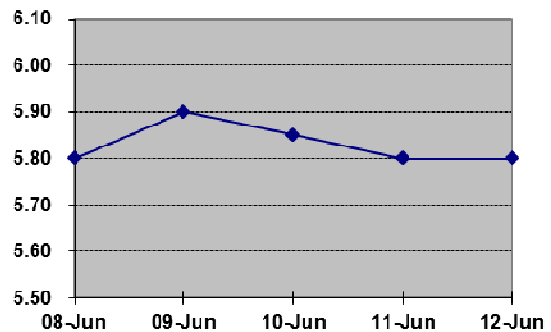
Primary Market Treasury Bills

Week Ending 12th June 2020

	W/avg.	Previous	Change	
3 m	6.67%	6.68%	- 0.24%	
6 m	6.78%	6.80%	- 0.02%	
12m	6.92%	6.93%	- 0.01%	*R - Rejected



Interbank Lkr O/N rates %



As at 12th June, 2020

USD LIBOR

1 mth	0.19%
3 mths	0.39%
6 mths	0.43%
12mths	0.59%

LKR AWPL Rates

Weekly	8.90%
Monthly	9.28%
Semiannual	9.53%

Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.1254
USD/JPY	107.34
AUD/USD	0.6862
GBP/USD	1.2540

