

Weekly Treasury Market Report

29th January, 2018

22nd Jan – 25th Jan 2018

LOCAL MARKET

The Sri Lankan rupee closed firmer on Friday after trading at an all-time high of 154.30 on Thursday, before closing at 153.75 on exporter and interbank led selling. The Dollar traded higher on importer and investor demand during mid-week and on comments made by the Central Bank governor that CBSL intends to buy Usd 150.0 mln to Usd 200.0 mln from the open market to boost its reserve position in 2018. Further, he stated that the in 2017 overall forex reserves stood at Usd 7.95 bln and has cut the CBSL exposure to swaps by around a Usd 1.0 billion and managed to achieve price stability and expected remain stable.

Expect the currency to trade in a range of 153.60-154.00 this week with an upward bias.

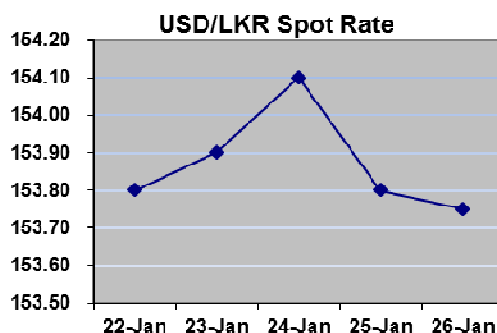
Usd/Lkr premiums closed lower across the board for the tenors for 1, 3, 6 and 12 months at 0.80, 2.40, 4.80, and 9.60 respectively.

Overnight call rates remained unchanged at 8.05%- 8.15%

Primary Market Treasury Bills

Week Ending 25th Jan, 2018

	W/avg.	Previous	Change
3 m	-	-	-
6 m	7.96%	7.97%	- 0.01%
12m	8.90%	8.85%	+0.05%



INTERNATIONAL MARKET



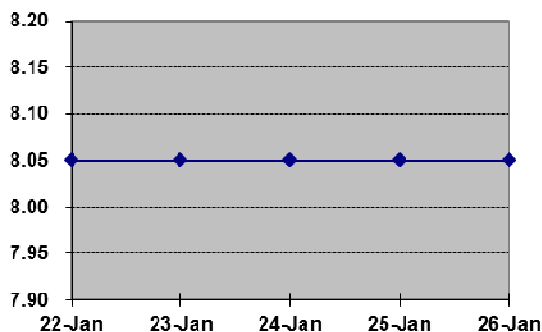
The dollar remained weak against a basket of currencies on Friday, bruised by comments by senior U.S. officials this week backing a weak dollar, and was on pace for its worst weekly fall since June. The dollar index, which measures the greenback against a basket of six major currencies, was down 0.33 percent at 89.1 and on track for a weekly fall of 1.6 percent. President Donald Trump's comments on Thursday that he wanted a "strong dollar," a day after Treasury Secretary Steven Mnuchin said a weaker greenback would help U.S. trade balances in the short term, failed to put a lid on volatility and keep dollar bears in check.

The euro was up 0.15 percent against the greenback at 1.2413, after hitting a more than three-year high of \$1.2536 on Thursday.

The market is likely to take a breather now but the underlying trend for a gradually weakening dollar remained intact, and UBS Wealth Management upgraded its six-month forecasts for the euro on Friday to \$1.28, from \$1.2200.

Data showing U.S. fourth-quarter gross domestic product increased at a 2.6 percent annual rate, held back by a modest pace of inventory accumulation, had little impact on the greenback. Economists polled by Reuters had forecast a 3 percent increase. (Source – Reuters)

Interbank Lkr O/N rates %



As at 25th Jan, 2018

USD LIBOR

1 mth	1.57%
3 mths	1.77%
6 mths	1.96%
12mths	2.25%

LKR AWPL Rates

Weekly	11.11%
Monthly	11.33%
Semi Annual	11.50%

Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.2427
USD/JPY	108.58
AUD/USD	0.8110
GBP/USD	1.4160

For any queries, please contact NDB Treasury on 2446994

Corporate Sales

Sunil Karunaratne

-sunil.karunaratne@ndbbank.com

Eranga Weerasekera

-eranga.weerasekera@ndbbank.com

