



COMMERCIAL BANK
DAILY MARKET WATCH

As at 11-03-2010

Commercial Bank of Ceylon PLC – Treasury Department

No: 21, Bristol Street, Colombo 01

Tel -2486334/2486336/2486353/2486346 Fax – 2384650 Website – www.combank.lk e-mail treasury@combank.net
 Contact –Forex/Corporate & Retail Sales Desk - Prins/Sanath/Chirantha/Niluk/Nipunika/Surith (2486334/46/53/26/43/38)
 Fixed Income securities Desk - Hemal/Nilmanie/Suresh (2486346/2486339/2486348)
 Inter bank Desk - Haren/Sampath (2486337/2486354)
 Structured Products Desk - Nilanka/Sathishka (2486340/2486331)
 ALM Desk - Asela/Sanjaya(2486327/2486325)

USD/LKR MARKET

Sri Lankan rupee closed flat at 114.05/10 per dollar, as dollar sales by exporters prompted the demand for the rupee.

We expect the pair to trade between 113.90 – 114.10 levels during today's trading.

Inter Bank SPOT Rates (Based on 11/03/10 opening market levels)

USD/LKR

(Cash) 113.85 / 114.00
 (Tom) 113.90 / 114.03
 (Spot) 113.95 / 114.05

Traded USD Volumes as at 10/03/2010 (in USD millions)

Cash 01.30
 Tom 05.50
 Spot 18.00
 Fwd 22.22
Total 47.02

MONEY MARKET

On Wednesday, market liquidity increased up to Rs. 17.960 as banks utilized the CBSL Repurchase facility for Rs. 17.960 Billion while the Reverse Repo facility of CBSL was not utilized.

Today the money market opened trading at 09.125%-09.375% whilst overnight Repo traded at 08.15%-08.20% levels.

Money Market Rates (Interbank)

O/n 09.00/09.25%
 1 week 08.875/09.25%
 2 weeks 09.00/09.375%
 1 month 09.25/09.75%
 2 months 09.50/09.75%
 3 months 10.00/10.25%
 6 months 10.50/11.50%
 12 months 11.00/12.50%

BILL/BOND MARKET

The volume traded in the bond market on Wednesday was approximately Rs. 200 Million.

Maturity	Yield
15/01/2012	10.95% - 11.05%
01/02/2013	11.00% - 11.10%
15/07/2014	11.80% - 11.90%
01/08/2015	12.00% - 12.10%

Yesterday the central bank rejected all bids at the weekly Treasury bill auction.

Treasury Bill Rates

(Weighted average rates)

	This Week (10.03.10)	Last Week (03.03.10)
91 days	08.38%	08.26%
182 days	09.12%	09.06%
364 days	09.47%	09.47%

Economic Indicators

AWPLR as at 05/03/2010 10.52%
Inflation(Annual Avg-Feb'10) 03.10%

**Cross currency Rates
As at 11/03/10**

(Based on Tokyo mkt rates at 8.30a.m local time)

EUR/USD 1.3640/42
USD/JPY 90.28/33
GBP/USD 1.4956/60
AUD/USD 0.9122/25
USD/SGD 1.3984/98
USD/INR 45.25/29

Commodity Rates

GOLD 1109.25
OIL(NYMEX) 81.64

Metal (Price per MT)

AluminumHG US\$ 2,225
Copper US\$ 7,430

LIBOR Rates

USD

1 Month 0.23 %
3 Months 0.25 %
6 Months 0.39 %
12Months 0.86 %

EUR

1 Month 0.38 %
3 Months 0.60 %
6 Months 0.91 %
12Months 1.20 %

GBP

1 Month 0.54 %
3 Months 0.64 %
6 Months 0.87 %
12Months 1.31 %

**Technical Views on
Forex**

GBP/USD

Resistance- 1.4998
Support - 1.4906

USD/JPY

Resistance- 90.74
Support - 90.17

EUR/USD

Resistance- 1.3683
Support - 1.3599

AUD/USD

Resistance- 0.9170
Support - 0.9108

INTERNATIONAL MARKETS.

The yen edged up today; trimming some of the losses it suffered the previous day, while the Australian dollar fell on data showing a smaller-than-expected rise in Australian employment, trimming the chances of a rate hike next month.

Australian employment barely rose in February as hiring took a breather after a very strong run, though the jobless rate remained low at 5.3 percent and full-time employment showed healthy growth.

The Australian dollar fell as far as \$0.9120 before edging back to \$0.9142. The Australian dollar is not far from a seven-week high of \$0.9193 hit on Wednesday, it's highest since Jan.

The dollar edged down 0.1 percent to 90.43 yen, having climbed as far as 90.83 on trading platform EBS on Wednesday, it's highest in two weeks.

Risk appetite improved in general with a rise in European and U.S. stocks, boosting demand for higher-yielding but riskier currencies. The Euro was trading around \$1.3650, having risen 0.4 percent on Wednesday.

The pound, meanwhile, already under pressure, dipped after an unexpected drop in British industrial production data for January. Sterling was down 0.2 percent at \$1.4967, maintaining its downtrend amid worries about Britain's credit-worthiness and political uncertainty. Wednesday's weak industrial data added to the gloom.

The New Zealand dollar traded lower, falling from five-week highs after the Reserve Bank of New Zealand kept rates unchanged at 2.5 percent, as expected, but said higher funding costs will cut the future extent of rate hikes. This suggested there will be less tightening from the RBNZ than many initially thought.

Gold regained some strength today after falling to its weakest in nearly two weeks the previous day. Spot gold was at \$1,108.15 an ounce, steady from New York's notional close on Wednesday, when it fell to as low as \$1,102.85 an ounce, its lowest level since Feb. 25.

U.S. crude futures fell below \$82 a barrel today after hitting an eight-week high above \$83 a day earlier on government data showing an unexpected decline in U.S. gasoline inventories.

NYMEX crude for April delivery was down 28 cents at \$81.81 a barrel, after settling up 60 cents at \$82.09 a day earlier.

INDIAN RUPEE NEWS AND FORECAST

The Indian rupee hit its highest in nearly two months, boosted by stronger regional peers and expectations of robust dollar inflows related to a share sale.

The partially convertible rupee ended at 45.375/385 per dollar, slightly off 45.345 hit late in the session, which was the highest since Jan. 11. It had closed at 45.6250/6350 on Tuesday.

(Reuters, Bloomberg, Forexnews.com)

**Major Forex and Debt market events for the day (Thursday 11th March 2010)
GMT+**

1330 - WEEKLY U.S. JOBLESS CLAIMS
1330 - U.S. INTERNATIONAL TRADE FOR JANUARY

This above material is for your information only. Commercial Bank of Ceylon Limited does not accept any responsibility for the accuracy or completeness of above and any loss arising from any use of this material.
(Source: Reuters and Bloomberg)