



COMMERCIAL BANK
DAILY MARKET WATCH

As at 10-03-2010

Commercial Bank of Ceylon PLC – Treasury Department

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USD/LKR MARKET

The rupee closed at 114.05/10 per dollar, compared with Monday's 114.15/18.
 We expect the pair to trade between 114.05 – 114.35 levels during today's trading.

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

USD/LKR

(Cash) 114.00 / 114.25
 (Tom) 114.02 / 114.27
 (Spot) 114.05 / 114.30

Traded USD Volumes as at 09/03/2010 (in USD millions)

Cash 03.50
 Tom 07.75
 Spot 18.75
 Fwd 20.05
Total 50.05

MONEY MARKET

On Tuesday, market liquidity increased up to Rs. 10.532 as banks utilized the CBSL Repurchase facility for Rs. 10.532 Billion while the Reverse Repo facility of CBSL was not utilized.

Today the money market opened trading at 09.00%-09.35% whilst overnight Repo traded at 08.15%-08.35% 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 Tuesday was approximately Rs. 200 Million.

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

The weekly Treasury bill auction will be held today. We expect the 91 days and 182 days bill rates to move up by 10 and 5 basis points respectively and the 364 days bill to remain at the same level.

Treasury Bill Rates

(Weighted average rates)

	This Week (03.03.10)	Last Week (24.02.10)
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 10/03/10**

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

EUR/USD	1.3593/94
USD/JPY	89.97/00
GBP/USD	1.4960/62
AUD/USD	0.9144/48
USD/SGD	1.3986/99
USD/INR	45.42/47

Commodity Rates

GOLD	1122.74
OIL(NYMEX)	81.21

Metal (Price per MT)

AluminumHG US\$	2,253
Copper US\$	7,500

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- **1.5003**
Support - **1.4919**

USD/JPY
Resistance- **90.23**
Support - **89.70**

EUR/USD
Resistance- **1.3372**
Support - **1.3560**

AUD/USD
Resistance- **0.9179**
Support - **0.9116**

INTERNATIONAL MARKETS.

The yen was firm today on expectations of a pick up in Japanese repatriation flows before the fiscal year end in March, while the Euro and the pound were subdued on fresh worries about Europe's fiscal health.

In early Asian trade, the dollar was trading around 90 yen, having lost over 0.3 percent on Tuesday. Support for the dollar is seen around the 89.30 yen level, which forms the base of the Ichimoku cloud.

Further yen gains could be limited by speculation that the Bank of Japan may take additional steps to ease monetary policy. The BOJ is in the spotlight after the Nikkei newspaper reported on Friday that the central bank was examining easing again and may decide on such a move when it meets on March 16-17.

The Euro also inched up against the U.S. dollar, trading just above \$1.3600. The common currency had come under fresh pressure after Fitch ratings agency said it still has a negative outlook on Portugal's credit rating.

The pound was struggling at \$1.5000, having been hit by weak data, and fears around its sovereign rating as well as credit ratings of its banks. Sterling has lost more than 7 percent this year on concerns Britain will be stuck with a political deadlock after the May election.

The Australian dollar broke past resistance at \$0.9150 to trade as high as \$0.9160, which was its highest level since January 20.

Gold steadied in thin trade today after the Euro bounced slightly against the U.S. dollar, but weaker oil prices could still induce selling.

Spot gold was at \$1,121.00 an ounce, barely changed from New York's notional close on Tuesday, when it dropped because of a resurgent dollar. Bullion was around 2 percent below a 6-1/2-week high near \$1,150 an ounce hit in early March.

U.S. crude futures extended declines today from an eight-week high after industry data showed a sharp build in U.S. crude inventories.

NYMEX crude for April delivery was down 23 cents at \$81.26 a barrel, after settling down 38 cents at \$81.49 a day earlier due to a stronger dollar. Oil is down after hitting an eight-week high of \$82.41 on Monday.

INDIAN RUPEE NEWS AND FORECAST

The Indian rupee weakened on Tuesday as a fall in local shares and dollar buying by refiners' underpinned sentiment.

The partially convertible rupee ended at 45.6250/6350 per dollar, about 0.2 percent weaker than its 45.53/54 close on Monday. It had hit a high of 45.38 intraday on Monday, its strongest since Jan. 12.

(Reuters, Bloomberg, Forexnews.com)

**Major Forex and Debt market events for the day (Wednesday 10th March 2010)
GMT+**

0930 - UK JAN INDUSTRIAL PRODUCTION
1000 - ITALY Q4 FINAL GDP
1200 - WEEKLY U.S. MORTGAGE MARKET INDEX
1500 - U.S. WHOLESALE INVENTORIES FOR JANUARY
1900 - U.S. FEDERAL BUDGET FOR FEBRUARY

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(Source: Reuters and Bloomberg)