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**PEOPLE'S
BANK**
THE PULSE OF THE PEOPLE

9th March 2010

DAILY FOREIGN EXCHANGE & MONEY MARKET COMMENTARY

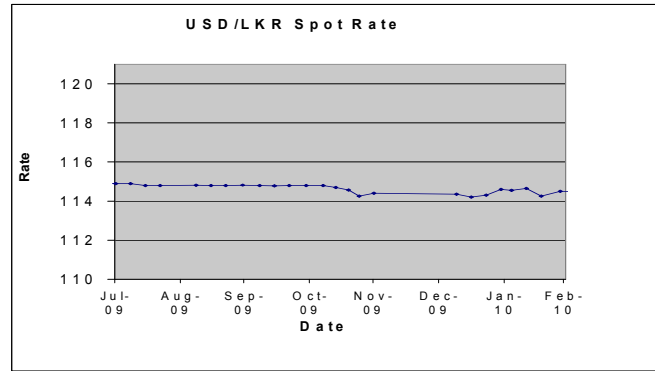
FOREIGN EXCHANGE MARKET

Local Currency Market

The Sri Lankan rupee closed firmer at 114.15/18 per dollar, compared with Friday's 114.22/25, as a state bank, which represents the central bank, reduced its dollar buying rate by 5 cents.

Published rates as of 9.00 am

TT Buying USD	TT Selling USD
113.5645	114.9355



International Market

The euro rose slightly against the dollar on Monday as concerns about Greece's fiscal crisis eased after French President Nicolas Sarkozy said there are plans to support the debt-strapped country, if necessary. Gains in the euro, however, were limited after Greek Prime Minister George Papandreou on Monday warned that if the Greek crisis worsened it could lead to a new global financial meltdown.

In quiet, late afternoon trading, the euro was slightly higher at \$1.3629. Greece has been a drag on the euro in 2010, which has lost 4.8 percent against the dollar so far this year and 7.6 percent against the yen. The euro though has held up well this month, trading flat against the dollar after falling 1.5 percent in February.

Yuan non-deliverable forwards, meanwhile, rose to a five-week high after the Chinese central bank chief hinted China would eventually drop the dollar/Yuan peg it had imposed since mid-2008 to help fight the global financial crisis. China has effectively re-pegged its exchange rate at around 6.83 Yuan per dollar since mid-2008. The China news had little impact on the currency market, although analysts said going forward the Chinese move should make Japanese authorities comfortable with allowing the yen strengthen a bit more.

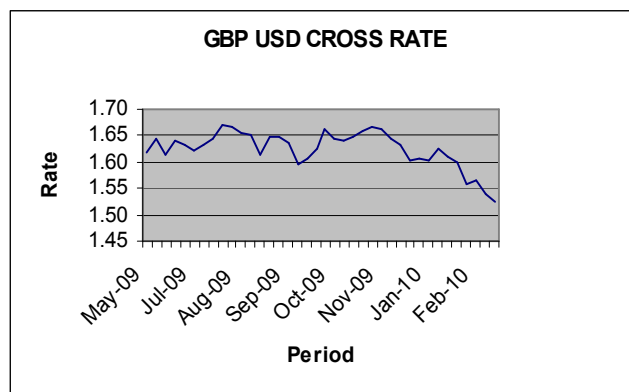
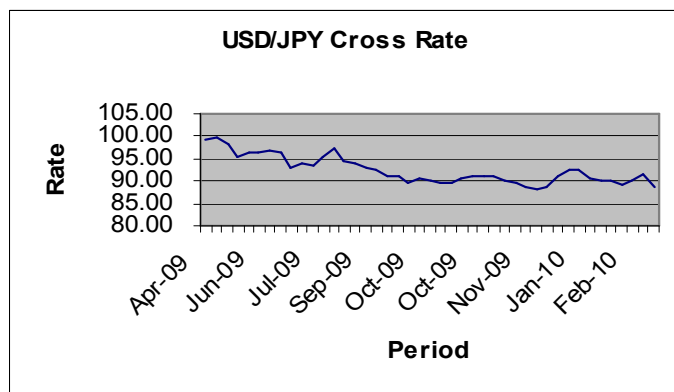
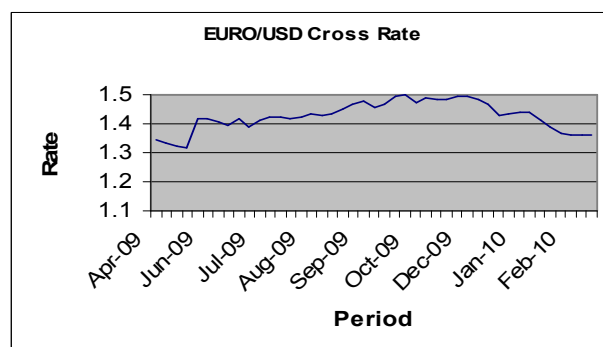
On Monday, the dollar was flat against the yen at 90.27 yen. The euro was also little changed against the Japanese currency at 123.04 yen, having hit a two-week high earlier on Monday. The Australian dollar was up 0.3 percent at US\$0.9094, having earlier risen to its highest since Jan 21. The higher-yielding currency, boosted by improved risk sentiment, gained further after Royal Dutch Shell and PetroChina are bidding more than \$3 billion for Australia's Arrow Energy. Analysts said a break above US\$0.9100 helped the currency extend gains, with the next target seen at US\$0.9150. Against the yen, the Aussie was at 82.09 yen, up 1.7 percent, having earlier hit a two-week high. The New Zealand dollar rose 0.5 percent versus the U.S. dollar to US\$0.6999. The Aussie and New Zealand dollars were also supported by what seemed like improving risk appetite, with U.S. stocks flat to slightly up and U.S. crude futures trading modestly higher.

Technical views on Forex

Currency	Support	Resistance	Trading Bias for the Day
GBP	1.4972	1.5172	Bearish
EUR	1.3580	1.3685	Bullish
JPY	89.71	90.31	\$ Bearish

Published rates as of 9.00 am

CURRENCY	CROSS RATE	TT BUYING RATE	TT SELLING RATE
GBP	1.5023	169.6547	173.2553
EUR	1.3625	153.5067	157.5504
JPY	90.00	1.2516	1.2897
AUD	0.9092	102.1017	105.4220
SGD	1.4000	80.5473	82.5039
CHF	1.0735	104.8063	107.8904
CAD	1.0282	109.2377	112.7902



MONEY MARKET

Sri Lanka will relax its controls on foreign exchange with effect from March 11, aiming to improve investor confidence, the central bank said on Monday.

Sri Lanka's finance ministry said the 2009 budget deficit had hit an eight-year high of 9.7 percent of GDP, well over the 7 percent target set by the International Monetary Fund for a \$2.6 billion loan. The ministry also said the country will miss the 2010 IMF deficit target as well.

The central bank overnight repurchase rate and reverse repurchase rates remain at 7.50 percent and 9.75 percent respectively. The weighted average inter-bank lending rate or call money rate edged down to 9.234 percent from Friday's 9.320 percent.

Daily SLIBOR & Inter-Bank Interest Rates

TENOR	SLIBOR	Inter-Bank Interest Rates			
	LKR	USD	GBP	EUR	JPY
O/N	9.34	0.3000	0.4500	0.1850	0.2100
1 Week	9.46	0.3350	0.4250	0.2350	0.2100
1 Month	9.66	0.4750	0.5500	0.3550	0.1900
3 Months	9.91	0.5500	0.6100	0.4350	0.3100
6 Months	10.15	0.7700	0.7900	0.8100	0.3350
12 Months	10.41	0.7550	1.1100	1.1000	0.5950

Inter-bank money rates:

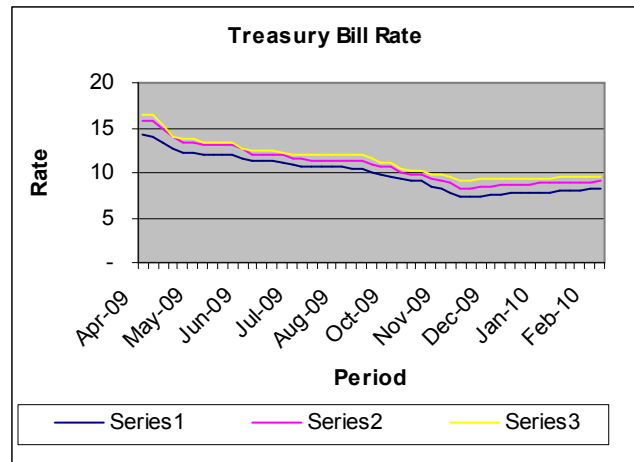
PERIOD	BID	OFFER
O/N	9.125	9.25
1 WEEK	9.25	9.375
1 MONTH	9.50	9.75
3 MONTH	9.75	10.00

FIXED INCOME SECURITIES

Treasury Bills

Results of last week's auction:

TENOR	CURRENT YIELD	PREVIOUS YIELD
3 MONTHS	8.38	8.26
6 MONTHS	9.12	9.06
12 MONTHS	9.47	9.47



Current market yield

TENOR	Maturity	Weighted Avg.	Auction Date
1 year	-	-	-
2 years	15/2/12	9.55	11/01/2010
4 years	01/04/14	9.78	11/01/2010
5 years	01/09/15	9.92	11/01/2010

TENOR	CURRENT YIELD
1 year	9.70/9.90
2 years	10.90/11.00
3 years	11.05/11.15
4 years	11.90/12.10

Commodities Market

U.S. crude futures edged down on Tuesday after hitting an 8-week high above \$82 a barrel on Monday, ahead of industry data expected to show another rise in U.S. crude inventories.

Spot gold was at \$1,123.45 an ounce, up 60 cents from New York's notional close. Bullion was around 1 percent below a 6-1/2-week high near \$1,150 an ounce hit in early March.

Key Financial Indicatives

AWPLR %		AWDR %		INFLATION (CCPI%)	
Week ending 05/03/10	10.52	February 2010	7.40	February 2010	6.9
Week ago	10.77	Month ago	7.73	Month ago	6.5
Year ago	19.81	Year ago	11.55	Year ago	7.6

Have a pleasant day.

Please do contact us for finer quotes and for further information.

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MONEY MARKET

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