

Weekly Treasury Market Report

23rd April, 2018

16th Apr – 20th Apr 2018

LOCAL MARKET

Sri Lanka rupee touched 156.50 on Friday, an all-time low against the USD on back of importer demand. However, it managed to close trading at 156.35 on late export selling thus registering an YtD depreciation of 1.9%.

We expect the current momentum to slow down with the active selling from exporters as they were not in the market due to seasonal holidays during last week. CBSL governor in a statement earlier this month stated that if the inflation rate could be maintained between 4-5 percent, the depreciation in the rupee would be around 2%-3%

See a range of 156.75-156.10 this week.

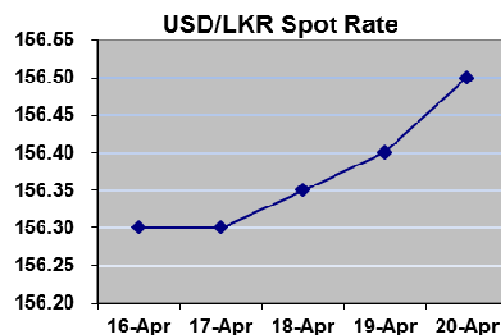
Usd/Lkr premiums dipped further especially in the long tenors to 0.70, 2.25, 4.45, and 8.60 for 1, 3, 6 and 12 months respectively, responding to lower yields in the G-sec's

Overnight call rates inched up marginally by 5-10 basis points last week to 7.85%-8.0% levels.

Primary Market Treasury Bills

Week Ending 20th Apr, 2018

	W/avg.	Previous	Change
3 m	8.15%	-	-
6 m	-	-	-
12m	9.65%	9.71%	- 0.06%



INTERNATIONAL MARKET



The U.S. dollar rose to a two-week high against a basket of currencies on Friday on rising U.S. yields, while sterling extended a decline in the wake of dovish comments from the head of the Bank of England.

The euro fell to a two-week low versus the dollar, for its biggest weekly drop in two months, as investors trimmed record high bets before a European Central Bank meeting next week where policymakers are largely expected to signal no change in policy.

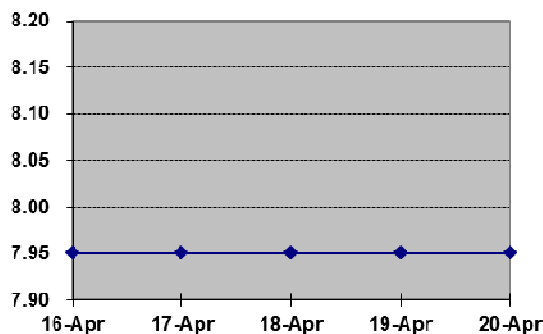
Commodity-linked currencies came under pressure thanks to a drop in Chinese stocks, with the Australian and New Zealand dollars hitting their lowest levels in at least two weeks.

U.S. two-year Treasury yields reached 2.453 percent on Friday, the highest level since September 2008 as the two-year's spread versus two-year German Bunds grew to 302 basis points, the widest in more than three decades.

This week, Federal Reserve officials signaled further interest rate increases in 2018 based on evidence of steady U.S. growth, while the heads of the ECB and the Bank of England seemed in no rush to push rates higher in the wake of disappointing economic data out of Britain and Europe.

Still, the dollar's overall prospect remains cloudy due to expectations of the United States' growing trade and budget deficits, analysts said. (Source- Reuters)

Interbank Lkr O/N rates %



As at 20th Apr, 2018

USD LIBOR

1 mth	1.89%
3 mths	2.35%
6 mths	2.51%
12mths	2.76%

LKR AWPL Rates

Weekly	11.32%
Monthly	11.10%
Semi Annual	11.28%

Foreign Exchange Rates

	Friday Closing
	New York
EUR/USD	1.2288
USD/JPY	107.66
AUD/USD	0.7672
GBP/USD	1.4000

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