

# Weekly Treasury Market Report

21<sup>st</sup> May, 2018

14<sup>th</sup> May – 18<sup>th</sup> May 2018

## LOCAL MARKET

The Rupee closed trading at 157.90 on Friday after touching an all-time high of 158.16 on Wednesday in a volatile week of trading. The market was well bid on US currency throughout the week as importers covered their positions. Central Bank was seen selling dollars in the market to selective banks based on the import bills the bank holds for the day, while other banks were compelled to cover in the forward markets especially in the one month tenor. However, the rupee managed to strengthen marginally towards end of the week on exporter selling to close at 157.90.

Expect the rates to remain volatile and see a wide range of 157.50-158.25 this week.

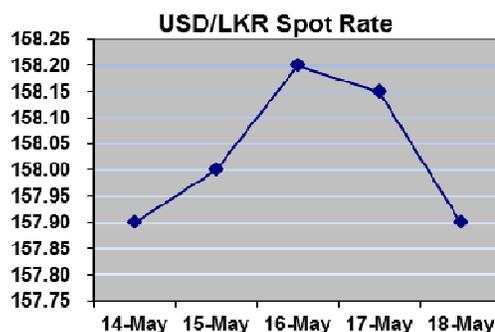
Usd/Lkr premiums rose across tenors on demand for dollars in the forward market to close at 0.85, 2.45, 4.70, and 9.30 for 1, 3, 6 and 12 months respectively.

Overnight call rates closed at 7.90%-7.95% levels.

## Primary Market Treasury Bills

Week Ending 18<sup>th</sup> May, 2018

	W/avg.	Previous	Change
3 m	8.33%	8.11%	+0.22%
6 m	8.90%	-	-
12m	9.70%	9.65%	+0.05%



## INTERNATIONAL MARKET



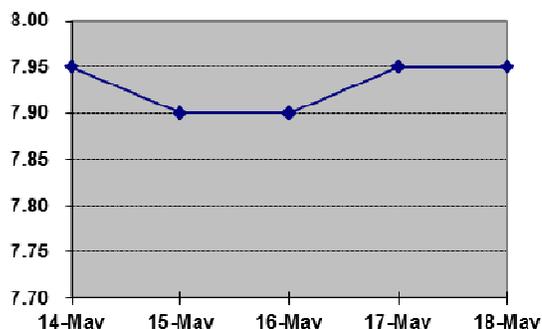
The dollar rose to a five-month high against a basket of major currencies on Friday, helped by weakness in the euro as investors fretted about political uncertainty in Italy.

The dollar index has climbed for five straight sessions, posting a 1.2 percent weekly gain. It has risen 5 percent since mid-February, with investors betting U.S. interest rates will need to rise further to curb inflation. The euro on Friday tracked its fifth successive weekly decline versus the dollar, its first such fall since 2015.

Europe's single currency has dropped about seven cents in three weeks amid a sharp dollar rally. Concerns have also mounted about the agreement between Italy's far-right League and 5-Star Movement on a governing accord that would slash taxes and ramp up welfare spending.

In late trading, the euro fell to a five-month low of \$1.1753. It has declined nearly 1.2 percent versus the dollar this week. The dollar index, meanwhile, rose to 93.83 on Friday, the highest since mid-March. On Friday, the dollar set a fresh four-month high against the yen but was last flat at 0.1 percent, supported overall by a further rise in U.S. Treasury yields that suggests an upbeat outlook for the world's largest economy. In the week ahead, investors are looking to Wednesday's release of minutes from the Federal Reserve's latest monetary policy meeting for clues about the pace of the current tightening cycle.. (Source- Reuters)

## Interbank Lkr O/N rates %



As at 18<sup>th</sup> May, 2018

### USD LIBOR

1 mth	1.95%
3 mths	2.33%
6 mths	2.50%
12mths	2.76%

### LKR AWPL Rates

Weekly	11.39%
Monthly	11.27%
Semi Annual	11.27%

### Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.1772
USD/JPY	110.78
AUD/USD	0.7511
GBP/USD	1.3469

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