The Sri Lankan rupee continued to strengthen against the Usd during the last week trading as thin dollar demand from importers and banks matched the selling of the U.S. currency by exporters and inward remittances. The Usd/Lkr traded in a range of 157.90-158.60 throughout the week and closed at 158.40, up from 159.00 previous week. The spot rupee hit an all-time low of 160.20 per dollar on June 20 and is down 3.1 percent so far this year. Usd/Lkr premiums unchanged across on all tenors to close at 0.80, 2.40, 4.70, and 9.40 for 1, 3, 6 and 12 months respectively. Expect the dollar to trade in a range of 158.20-158.70 this week.

Sri Lanka’s April trade deficit widened by 23.4% to Usd 999 mln, up from Usd 809.0 mln a year earlier. Export earnings remained flat at Usd 795 mln in April, while imports accelerated to Usd 1.794 bln on increased fuel and vehical imports.

Overnight call rates traded marginally higher at 8.40%-8.50%