

# Weekly Treasury Market Report

13<sup>th</sup> August, 2018

**06<sup>th</sup> Aug– 10<sup>th</sup> Aug 2018**

## LOCAL MARKET

The Sri Lankan rupee closed weaker against the US dollar at 160.00 compared to the previous week's 159.80, on the back of importer and investor demand.

The rates were quite stable throughout the week as it traded in a narrow range of 159.80-160.10, with export sellers emerging above 160.00 to cover their positions.

Usd/Lkr premiums inched up marginally compared to the previous week, especially in the far forwards to close at 0.80 2.40, 4.70 and 9.70 for 1, 3 6 and 1 year respectively.

We expect the Usd/Lkr to remain in a range of 159.80-160.30 throughout this week and the current trend to continue with sellers emerging above 160 levels.

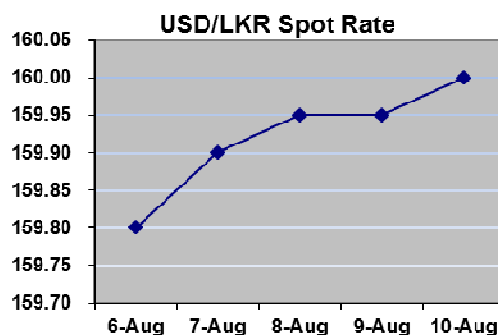
Overnight call money rates traded in a range of 8.15%-8.20% down by 20 basis points compared to the previous week with improved market liquidity. The market liquidity surplus stood at around Lkr 50bln.

T Bill yields closed lower across all tenors at 8.16%, 8.70% and 9.16% for 3, 6 and 12 months respectively.

## Primary Market Treasury Bills

Week Ending 10<sup>th</sup> Aug, 2018

	W/avg.	Previous	Change
3 m	8.16%	8.17%	- 0.01%
6 m	8.73%	-	-
12m	9.16%	9.23%	- 0.07%



## INTERNATIONAL MARKET



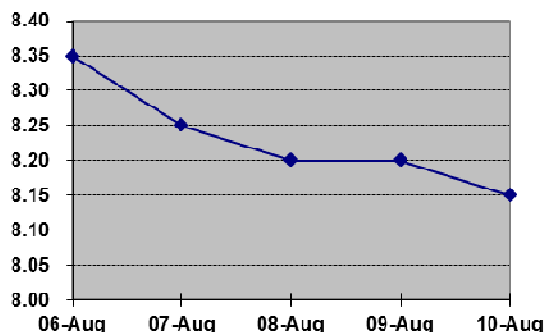
The euro was under pressure in Asia on Monday as fears about the exposure of European banks to crisis-hit Turkey sent investors scurrying to safe havens including the U.S. dollar, Swiss franc and yen.

Regional stocks also looked likely to suffer as Turkey's troubles tainted emerging markets in general, while boosting highly rated sovereign bonds. Much of the early action was in currencies with the euro gapping lower as the Turkish lira took another slide to all-time lows around 7.2400.

It was last at 6.7900, having found a sliver of support when Turkish Finance Minister Berat Albayrak said the country had drafted an action plan to ease investor concerns and the banking watchdog said it limited swap transactions.

The currency tumbled more than 40 percent this year on worries over Turkish President Tayyip Erdogan's increasing control over the economy and deteriorating relations with the United States. "The plunge in the lira which began in May now looks certain to push the Turkish economy into recession and it may well trigger a banking crisis," said Andrew Kenningham, chief global economist at Capital Economics. Against the U.S. dollar, the euro touched its lowest since July 2017 at \$1.13715. It was last at \$1.1392 and still a long way from last week's top at \$1.1628. The dollar eased against the safe haven yen to 110.69 while sterling closed at 1.3140. (Source- Reuters)

## Interbank Lkr O/N rates %



As at 10<sup>th</sup> Aug, 2018

### USD LIBOR

1 mth	2.06%
3 mths	2.32%
6 mths	2.51%
12mths	2.82%

### LKR AWPL Rates

Weekly	11.41%
Monthly	11.41%
Semi Annual	11.26%

### Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.1412
USD/JPY	110.83
AUD/USD	0.7302
GBP/USD	1.3140

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