

# Weekly Treasury Market Report

27<sup>th</sup> November, 2018

19<sup>th</sup> Nov – 26<sup>th</sup> Nov 2018

## LOCAL MARKET

The rupee closed at an all-time low at 180.40 against the dollar on Monday registering a fourth straight session of losses, on the back of investor and importer demand. The demand for the US currency remained unchanged throughout the holiday shortened week as it was weakened by 2.1%, 3.7 rupees as the demand for the US currency outweighed the supply. The news on Sri Lanka's credit rating downgrade by Moody's and delays in IMF loan discussions also contributed towards weakening the currency. So far, the rupee has depreciated by 17.5% for 2018 as it moved up by 26.9 rupees, from 153.50 from the beginning of the year.

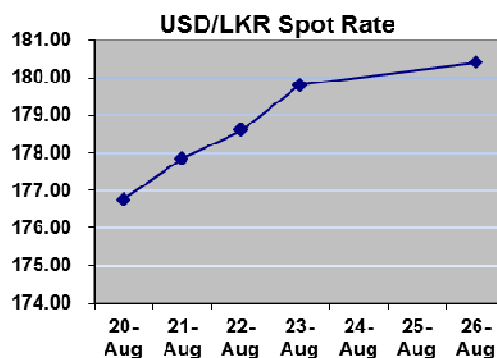
The forward premiums closed at 0.95, 2.80, 5.85, 1.180 for 3, 6, and 12 months respectively.

Overnight call money rates traded in a range of 8.80%-9.0% with market liquidity of approx. Lkr 109.0 bln in the negative

## Primary Market Treasury Bills

Week Ending 22<sup>nd</sup> Nov 2018

	W/avg.	Previous	Change
3 m	10.01%	10.07%	- 0.06 %
6 m	-	-	-
12m	11.20 %	11.25%	- 0.05%



## INTERNATIONAL MARKET



The euro advanced towards a two-week high on Monday as risk appetite picked up thanks to firmer oil prices, and news that Italy may cut its budget deficit target to placate the European Union.

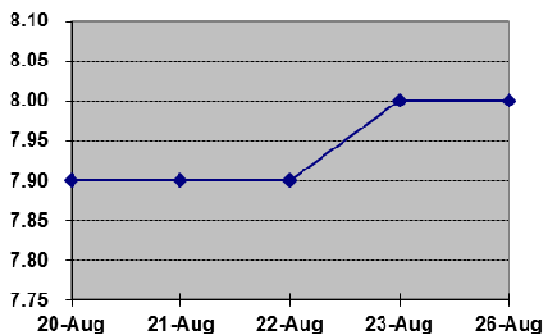
Developments in Italy and news that Britain and the EU sealed a Brexit deal helped the single currency overcome disappointing German business sentiment data.

Sterling firmed nearly a third of a percent to \$1.2880 after Sunday's Brexit pact, but the currency's gains were curbed by doubts about Prime Minister Theresa May getting the agreement through a divided parliament

Europe's single currency gained almost a third of a percent to \$1.1368. U.S. President Donald Trump and Chinese President Xi Jinping are expected to discuss contentious trade matters on the 30<sup>th</sup> November at the G20 meeting, which would have an impact on currencies such as the Australian and New Zealand dollars which have close trading ties with China.

In another sign of improved risk appetite, the Japanese yen changed hands at 113.18, down by a fifth of a percent against the greenback, while the Australian dollar was half a percent firmer at 0.7261 and away from last week's low at \$0.7202. Currency markets showed little immediate reaction to news that the German Ifo business climate index dipped in November. (Source – Reuters)

## Interbank Lkr O/N rates %



As at 26<sup>th</sup> Nov, 2018

### USD LIBOR

1 mth	2.34%
3 mths	2.70%
6 m	2.89%
12mths	3.12%

### LKR AWPL Rates

Weekly	12.20%
Monthly	12.34%
Semiannual	11.61%

### Foreign Exchange Rates

	Monday Closing
	<b>New York</b>
EUR/USD	1.1328
USD/JPY	113.58
AUD/USD	0.7221
GBP/USD	1.2827

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