

Weekly Treasury Market Report

07th January, 2019

30th Dec – 04th Jan 2019

LOCAL MARKET

The rupee ended trading near all-time low against the USD at 183.00, after trading in a range of 182.80-183.30 last week. The demand for the US currency continued from importers and foreign investors as they continue to exit from the Treasury bond and equity market. The market witnessed a net outflow of 159.8 billion rupees from government securities in 2018, which exacerbated a rapid depreciation of the local currency. Sri Lanka plans to restrict foreign holdings of government securities from current 10% to 5% to stem excessive volatility in the exchange markets and currently holding 3.1% of the total outstanding of 5.29 trillion rupees.

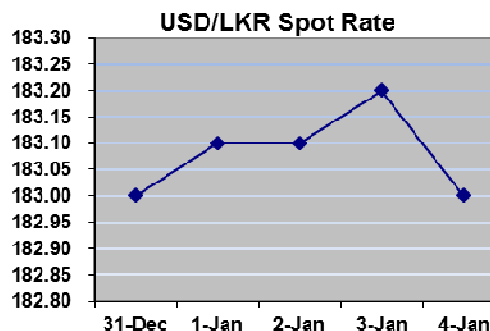
The forward premiums closed unchanged at 0.90, 2.75, 5.85, 11.85 for 3, 6, and 12 months respectively.

Overnight call money rates continue to trade in a range of 8.80%-9.0% with market liquidity of approx. Lkr 78.0 bln in the negative.

Primary Market Treasury Bills

Week Ending 04th Jan 2019

	W/avg.	Previous	Change
3 m	-	-	-
6 m	9.95%	-	-
12m	10.99%	-	-

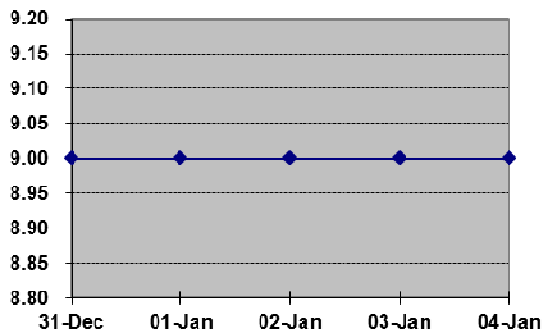


INTERNATIONAL MARKET



The U.S. dollar retreated against the euro on Friday, giving up all the gains logged after a robust U.S. jobs report, following comments from Federal Reserve Chairman Jerome Powell that the U.S. central bank will be sensitive to the downside risks the market is pricing in. "We will be patient as we watch to see how the economy evolves," Powell told the American Economic Association on Friday. Powell said the Fed is not on a preset path of interest rate hikes and suggested that it could pause its policy tightening as it did in 2016. The euro was 0.09 percent higher at \$1.1401 against the greenback. Earlier in the day, the euro zone single currency fell as low as \$1.1347 against the dollar after the dollar rose following data that showed U.S. employers hired the most workers in 10 months in December while boosting wages. The data contrasts with reports this week signaling the global economy is slowing. China posted data showing factory activity contracted for the first time in 19 months in December, and there is evidence of weak manufacturing across much of Europe and Asia. Against the Japanese yen, the U.S. dollar was 0.7 percent higher. The greenback, which had slipped against the safe-haven Japanese yen in recent days amid worries about a slowdown in global growth, found support earlier in the session after China announced new measures to support its economy and hopes grew that upcoming U.S.-China trade talks would make some progress. Australian dollar recovered after being hit hard in Thursday's scramble for safety and was up 1.6 percent. (Source Reuters)

Interbank Lkr O/N rates %



As at 04th Jan, 2019

USD LIBOR

1 mth	2.52%
3 mths	2.80%
6 m	2.86%
12mths	2.96%

LKR AWPL Rates

Weekly	11.92%
Monthly	11.94%
Semiannual	11.86%

Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.1395
USD/JPY	108.51
AUD/USD	0.7113
GBP/USD	1.2723

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