

# Weekly Treasury Market Report

11<sup>th</sup> March, 2019

**05<sup>th</sup> Mar – 08 Mar 2019**

## LOCAL MARKET

The rupee continued to appreciate against the US currency during last two weeks trading to register a 2.75% appreciation for 2019, to close at 178.50. Investor and exporter sellers dominated the market despite importer cover during trading last week. The dollar touched a low of 177.90 on Wednesday, before Central Bank entered the market to buy USD thus pushing the currency back to 178.50. Inflows in to G Sec market by overseas investors and last week issuance of Usd 2.4 bln sovereign bonds helped the rupee to stay in a range of 177.90-178.60 throughout the week.

Sri Lanka issued Usd 2.4 bln, 5 and 10 year bonds at 6.85% and 7.85%, after receiving a total of Usd 7.5 bln.

Forward premiums closed virtually unchanged last week to close at 0.80, 2.70, 5.60, and 11.55 for 3, 6, and 12 months respectively.

Overnight call rates dipped marginally as recent 1% reduction of the statutory reserve ratio (SRR) came in to effect. It added approx. Lkr 60.0 bln, to the money market. Overnight rates traded in a range of 8.90%-9.00% throughout last week.

## INTERNATIONAL MARKET



The dollar edged up on Monday, hovering close to a near three-month high as investors continued to favour the greenback amid global growth concerns, while Sterling kept declining on uncertainty over Britain's exit from the European Union.

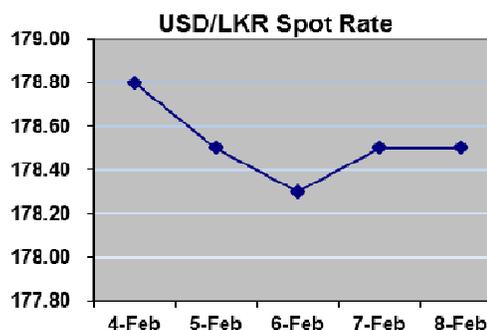
The euro was flat at \$1.1232, as the single currency had fallen to its weakest level since June 2017 on Thursday, hurt by dovish signals from the European Central Bank (ECB). Data on Friday showed U.S. employment growth almost stalled in February, with the world's top economy creating a measly 20,000 jobs, far fewer than expected by analysts. But traders found some hope in figures showing the U.S. employment rate slipped back below 4 percent and average hourly earnings accelerated by 0.4 percent, helping to reduce the dollar's losses during the previous session. On Monday, most currencies stayed within well-trodden trading ranges before U.S. retail sales figures for January due at 1230 GMT and U.S. February inflation figures expected on Tuesday. The big exception was the GBP, which gave up one-third of a percent to \$1.2973 after briefly dipping to a near three-week low on nervousness over Brexit. The currency had already fallen for seven straight sessions. Sterling came under renewed pressure after British foreign minister Jeremy Hunt said on Sunday Brexit could be reversed if lawmakers reject the government's exit deal. His remarks followed a warning from two major Eurosceptic factions in parliament that Prime Minister Theresa May was likely to face heavy defeat in a parliamentary vote on Tuesday on whether to approve her EU exit plan. The British leader is scrambling - so far unsuccessfully to secure last-minute changes to an EU exit treaty ahead of the vote, which comes less than three weeks before the United Kingdom is set to leave the European Union on March 29. (Source – Reuters)

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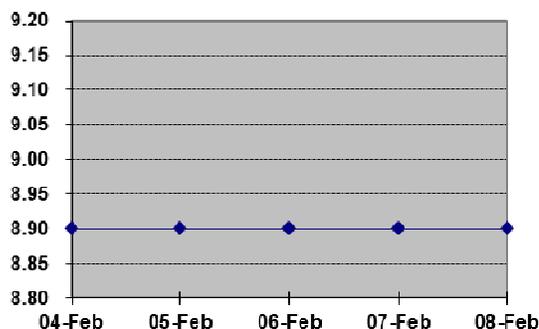
## Primary Market Treasury Bills

Week Ending 08<sup>th</sup> MAR 2019

	W/avg.	Previous	Change
3 m	-	-	-
6 m	-	-	-
12m	10.64%	10.67%	- 0.03 %



## Interbank Lkr O/N rates %



As at 08<sup>th</sup> Mar, 2019

### USD LIBOR

1 mth	2.49%
3 mths	2.60%
6 mths	2.68%
12mths	2.86%

### LKR AWPL Rates

Weekly	12.31%
Monthly	12.30%
Semiannual	12.08%

### Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.1235
USD/JPY	111.17
AUD/USD	0.7045
GBP/USD	1.3015

