

Weekly Treasury Market Report

03rd February, 2020

27th Jan – 31st Jan 2020

LOCAL MARKET

The rupee ended trading flat at 181.45 against the dollar on Friday, after trading in a range of 181.40-181.70 last week. The rupee has been stable for the last couple of weeks as the market was well balanced with volumes from exporter and investor selling, met the limited demand from importers in the market. The highest rate traded was 181.70 on Thursday after Central Bank cut its key benchmark SDFR and SLFR rates by 50 basis points to 6.5% and 7.5% respectively. In a statement issued by CBSL, "In spite of short term fluctuations, the near term forecast suggest that inflation will hover below 5% in 2020 and will be stable between 4%-6% thereafter"

G Sec holdings by foreign investors reversed last week as they were net sellers of Lkr 7.0 mln (Usd 38.0 mln) which brought the holdings to Usd 593.0 bln from Usd 626 bln.

Rupee premiums dipped by 0.40 cents in the longer tenor after the rate cut and closed lower at 0.45, 1.40, 2.90 and 5.90 for 1, 3, 6 and 12 months respectively.

Overnight call rates closed lower at 6.95% after trading in a range of 6.95%-7.40%

INTERNATIONAL MARKET



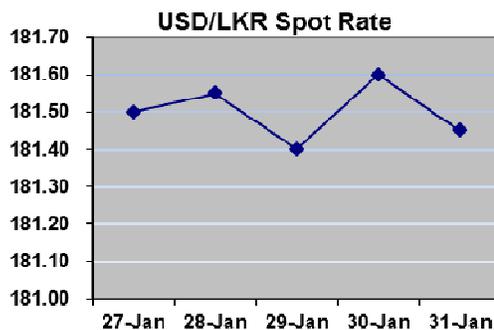
The safe-haven yen and Swiss franc jumped to multi week highs on Friday as worries about the global economic impact of the latest coronavirus outbreak in China intensified. The yen rose to a three-week high against the dollar, while the Swiss franc climbed to a two-week peak. The Australian dollar fell to a four-month low against the U.S. dollar, while China's offshore yuan struggled to find a footing in the wake of the virus outbreak. The World Health Organization said late Thursday that the coronavirus outbreak was a global emergency, prompting the United States and other countries to tighten travel curbs on Friday. U.S. data on consumer spending and personal income did push the dollar a little higher against the yen and euro earlier, as core consumer prices as measured by the personal consumption expenditures (PCE) price index rose 0.2% last month after advancing just 0.1% the previous four months. But the U.S. data's impact was short-lived. Investors remained transfixed on the casualties from the virus and feared its impact on the global economy, including businesses such as airlines and hotels. China's offshore yuan gave up earlier gains and was last down against the dollar. The U.S. currency added 0.1% to 6.9884 although that was some way off the 7.0038 level the yuan dropped to on Thursday. The dollar fell 0.5% against the yen to 108.35 yen in afternoon trading, after earlier dropping to a three-week low of 108.33 yen. The greenback also slid to a two-week trough versus the Swiss franc and was last at 0.9637 franc. The Australian and New Zealand dollars, both sensitive to sentiment in China, fell to new multi month lows. The New Zealand dollar dropped 0.5% to US\$0.6463, after earlier touching a two-month low. The Australian dollar lost 0.4% to US\$0.6695, hitting a four-month low earlier. - (Source – Thomson Reuters)

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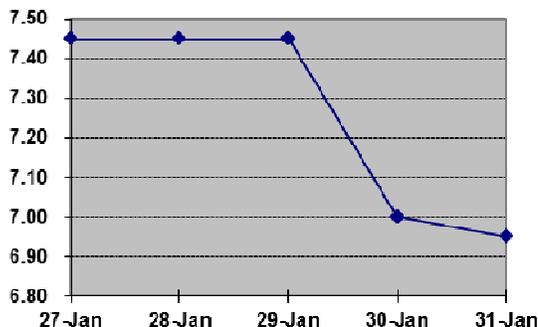
Primary Market Treasury Bills

Week Ending 21st Jan 2020

	W/avg.	Previous	Change	
3 m	7.51%	7.55%	-0.04%	
6 m	8.15%	8.15%	-	
12m	8.59%	8.61%	-0.03%	*R - Rejected



Interbank Lkr O/N rates %



As at 31st January, 2020

USD LIBOR		LKR AWPL Rates	
1 mth	1.66%	Weekly	9.68%
3 mths	1.75%	Monthly	10.00%
6 mths	1.74%	Semiannual	10.47%
12mths	1.80%		

Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.1096
USD/JPY	108.38
AUD/USD	0.6872
GBP/USD	1.3008

