

Weekly Treasury Market Report

10th February, 2020

03rd Feb – 07th Feb 2020

LOCAL MARKET

The Sri Lankan rupee continued to trade in a narrow range of 181.35-181.60 against US dollar throughout the week to close at 181.45. The rupee has been stable during the first 5 weeks of 2020 on increased foreign currency inflows and lower importer demand. However, Sri Lanka's January 2020 official reserves fell 116 million dollars to 7,626 million dollars from 7,642 million dollars in December 2019, as reserves may fall due to changes in cross currency valuations, interest earnings, and the price of gold and repayments of foreign debt using fiscal reserves.

G Sec holdings by foreign investors' shows a marginal decline compared to last week by approx. Lkr 1.0 bln, (Usd 6.0 mln) which stands at approx. Usd 620 bln by end of the week.

Rupee premiums reversed marginally upwards by 0.05 -0.20 cents after it plummeted soon after Central Bank announced the key interest rate cut previous week. Premiums closed at 0.45, 1.45, 3.00 and 6.10 for 1, 3, 6 and 12 months respectively.

Overnight call rates closed lower at 6.95% after trading in a range of 6.95%-7.00%

INTERNATIONAL MARKET



The dollar held gains on Monday after job market data provided the latest sign of U.S. economic strength, while worries about the coronavirus epidemic kept other trade-exposed currencies subdued. Data on Friday showed U.S. job growth accelerated last month, blowing past estimates, with particular strength in construction - indicating the economy is in decent shape. The death toll from the coronavirus outbreak, meanwhile, rose again over the weekend, passing the total killed by the SARS epidemic. It now stands at 908 in mainland China, where there are a total of 40,171 infections. That has left trade-exposed currencies on the back foot, the dollar at milestone highs against other majors and safe-haven currencies such as the yen trading firmly.

The Australian dollar touched a fresh decade-low of \$0.6657 in early trade and last stood at 0.6680. The New Zealand dollar touched a two-month low of 0.6397.

The euro is at four-month low of 1.0940 hit on Friday and currently at 1.0950. The pound was parked near its lowest since November at 1.2890.

Authorities in China were preparing for millions of people to return to work on Monday following an extended Lunar New Year break. Yet with many of China's teeming cities turned into almost ghost towns during the past two weeks, investors are looking closely at how quickly the economy can regain its feet.

The trepidation had the Japanese yen trading firmly in the morning at 109.64 per dollar.

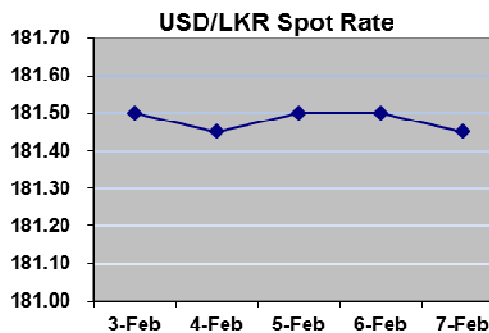
Elsewhere in Asia, investors continued to sell emerging markets' currencies in favour of dollars and yen. That has left the Thai baht at an almost 8-month trough of 31.37 per dollar and the Singapore dollar 3% weaker in two weeks. - (Source – Thomson Reuters)

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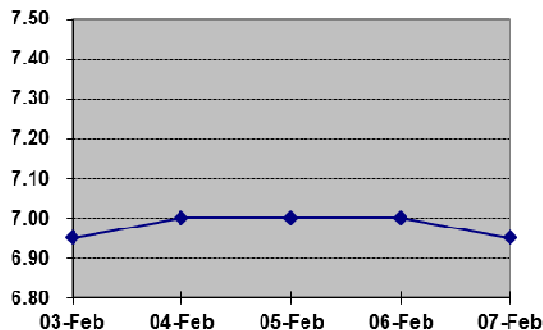
Primary Market Treasury Bills

Week Ending 07th Feb 2020

	W/avg.	Previous	Change	
3 m	7.37%	7.51%	-0.14%	
6 m	7.99%	8.15%	-0.16%	
12m	8.42%	8.59%	-0.17%	*R - Rejected



Interbank Lkr O/N rates %



As at 07th February, 2020

USD LIBOR		LKR AWPL Rates	
1 mth	1.67%	Weekly	9.47%
3 mths	1.73%	Monthly	9.68%
6 mths	1.74%	Semiannual	10.26%
12mths	1.84%		

Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.0943
USD/JPY	109.72
AUD/USD	0.6698
GBP/USD	1.2891

