

# Weekly Treasury Market Report

24<sup>th</sup> February, 2020

17<sup>th</sup> Feb – 21<sup>st</sup> Feb 2020

## LOCAL MARKET

The Usd/Lkr rates showed some volatility last week widening the trading range to 181.50-182.05 before settling at 181.65. The rate spiked above 182.0 on Thursday, on the back of strong demand from foreign investors, coupled with importer buying in a holiday shortened week. However, it managed to retrace to 181.65 towards end of the trading week on profit taking and easing demand for the US currency.

Foreign investors continued to exist from the G Sec market for the 4<sup>th</sup> consecutive week pushing the total G Sec held by foreign investors down to Lkr 102.6 billion from Lkr 103.88 bln.

Rupee premiums moved marginally higher compared to last week, on the back of higher T bill yields and lower market liquidity thus closing at 0.55, 1.70, 3.20 and 6.30 for 1, 3, 6 and 12 months respectively.

Overnight call rates closed at 6.95% unchanged, after trading in a range of 6.95%-7.00%. The total outstanding market liquidity was a deficit of Rs. 0.021 bn by end of the week, compared to a deficit of Lkr. 6.349 bln by the end of last week.

## INTERNATIONAL MARKET



Asian currencies slid on Monday as the rapid spread of the coronavirus outside China drove fears of a pandemic and sent investors flocking to gold and the dollar for safety. Italy, South Korea and Iran posted sharp rises in infections over the weekend. South Korea now has more than 760 cases, Italy more than 150 and Iran 43 cases. The World Health Organization said it was worried about the growing number without any clear link to the epicenter of the outbreak in China. The Chinese, Australian, New Zealand, Singapore and Taiwan currencies were all on the back foot, with the Aussie carving a fresh 11-year low in early trade.

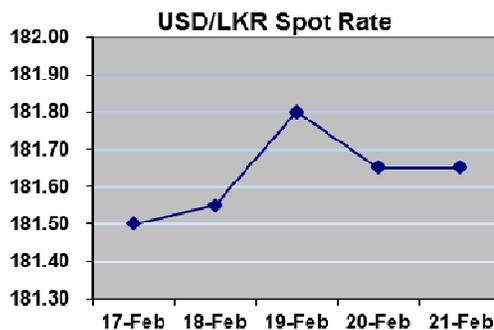
The Korean won plunged nearly 1% to a six-month low. Political turmoil in Malaysia added pressure to the ringgit and sent it 0.6% lower to its weakest since September. Yet risk aversion, which also saw stocks tumble and gold and on the rise, offered surprisingly little support to the yen. After partially recovering last week's drop on Friday, it traded flat at 111.55 per dollar as Asian investors discount its safety value owing to Japan's virus exposure. Against a basket of currencies, the dollar crept back toward an almost three-year peak touched last week, before soft economic data knocked it from its perch on Friday. It was firmer against the euro at \$1.0827 and pound at \$1.2946. It last traded at \$0.6613 per Australian dollar \$0.6324 per kiwi.

The coronavirus has killed more than 2,400 people in China, which also accounts for 98% of global diagnoses. However, the weekend's spread outside of China appears to have caught authorities off-guard. Italy has halted the carnival of Venice, shut schools, and sealed off affected towns across its wealthy north, but is struggling to find out how and where the virus' spread began. (Source – Thomson Reuters)

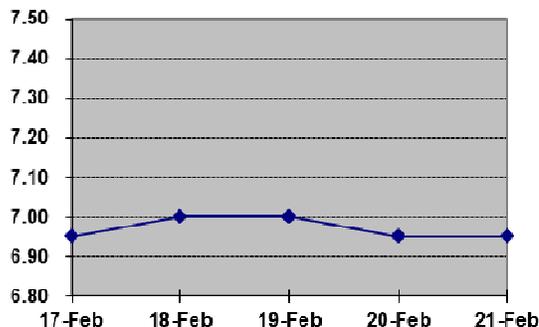
## Primary Market Treasury Bills

Week Ending 24<sup>th</sup> Feb 2020

|     | W/avg. | Previous | Change |               |
|-----|--------|----------|--------|---------------|
| 3 m | 7.44%  | 7.36%    | +0.08% |               |
| 6 m | 8.06%  | 8.04%    | +0.02% |               |
| 12m | 8.60%  | 8.55%    | +0.05% | *R - Rejected |



## Interbank Lkr O/N rates %



As at 21<sup>st</sup> February, 2020

| USD LIBOR |       | LKR AWPL Rates |        |
|-----------|-------|----------------|--------|
| 1 mth     | 1.63% | Weekly         | 9.59%  |
| 3 mths    | 1.68% | Monthly        | 9.68%  |
| 6 mths    | 1.67% | Semiannual     | 10.26% |
| 12mths    | 1.73% |                |        |

## Foreign Exchange Rates

|         | Friday Closing<br>New York |
|---------|----------------------------|
| EUR/USD | 1.0848                     |
| USD/JPY | 111.57                     |
| AUD/USD | 0.6627                     |
| GBP/USD | 1.2969                     |

For any queries, please contact NDB Treasury on 2446994  
 Sunil Karunaratne -sunil.karunaratne@ndbbank.com  
 Eranga Weerasekera -eranga.weerasekera@ndbbank.com  
 Vinoth Fernando -vinoth.fernando@ndbbank.com

