

# Weekly Treasury Market Report

14<sup>th</sup> September, 2020

07<sup>th</sup> Sep – 11<sup>th</sup> Sep 2020

## LOCAL MARKET

The rupee continued to remain firm against the US dollar for the 3<sup>rd</sup> consecutive week as exporters dominated the market while demand from the importers were relatively subdued due to government imposed import restrictions. The dollar closed at 184.50 against the Sri Lankan rupee, down from 185.15 on a weekly basis registering a year to date depreciation of 1.7% Central Bank of Sri Lanka was seen buying dollars in the open market throughout the week supporting the dollar to remain at current levels.

Usd/Lkr premiums closed firm to close at 0.20, 0.30, 0.75 and 1.80 for 1, 3, 6 and 12 months respectively. Market liquidity remained in the surplus of Lkr 199.63 bln with interbank call money rates trading at 4.50%. T-bill yields closed flat mostly unchanged (see table) Benchmark AWPL Rates bounced by 0.10% to 6.65%

Sri Lanka's merchandise exports fell 8.2 percent to 947.7 million US dollars in August 2020, from 1,033.2 million a year earlier, with apparel and tea down, but coconut based products and rubber gloves reported an up move. However, it's an improved performance compared with Jan to July data, which registered a 21.08% decline and expected to improve in the coming months with the increase in seasonal exporters.

## INTERNATIONAL MARKET



The British pound registered a 1-1/2-month low against the dollar on Monday on fears about no-deal Brexit while investors waited for Japan's ruling party to choose a successor to Prime Minister Shinzo Abe. The Sterling traded at 1.2806 against the dollar having hit a 1 1/2-month low of \$1.2767 on Friday. The pound was under pressure from fears that Britain will end its post-Brexit transition period without agreeing any trading arrangements. London explicitly acknowledged last week that it could break international law by ignoring some parts of its European Union divorce treaty, prompting a rapid rebuke from the EU's chief executive. The dollar stood at 106.13 yen, stuck in its familiar territory in the past couple of weeks. Japanese Chief Cabinet Secretary Yoshihide Suga is poised to become head of Japan's ruling party on Monday and prime minister on Wednesday, succeeding Shinzo Abe, the nation's longest-serving leader. Because Suga has long been a loyal aide to Abe and has vowed to continue his policies, few market players expect radical changes.

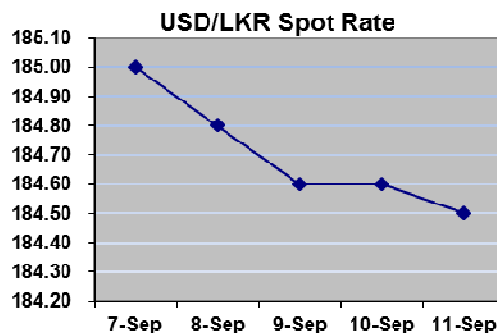
The euro held firm after three straight days of gains at 1.18455. The common currency was supported after the European Central Bank showed no apparent sign of stemming the single currency's appreciation. Expectations of further monetary easing by the Fed have been a drag on the dollar. The dollar index has lost more than 4% so far this quarter. (Source – Refinitive Thomson Reuters)

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

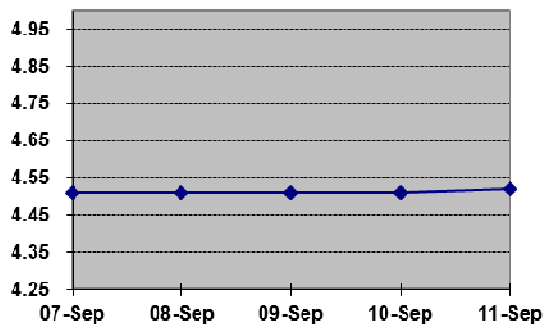
## Primary Market Treasury Bills

Week Ending 11<sup>th</sup> Sept 2020

	W/avg.	Previous	Change	
3 m	4.52%	4.52%	-	
6 m	4.65%	4.67%	- 0.02%	
12m	4.88%	4.89%	- 0.01%	*R - Rejected



## Interbank Lkr O/N rates %



As at 11<sup>th</sup> Sep, 2020

USD LIBOR		LKR AWPL Rates	
1 mth	0.15%	Weekly	6.65%
3 mths	0.25%	Monthly	7.01%
6 mths	0.28%	Semiannual	8.60%
12mths	0.41%		

## Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.1845
USD/JPY	106.14
AUD/USD	0.7283
GBP/USD	1.2793

