

# Weekly Treasury Market Report

 22<sup>nd</sup> February, 2021

**15<sup>th</sup> Feb – 19<sup>th</sup> Feb 2021**

## LOCAL MARKET

The dollar closed at 196.00 against the rupee on Friday after another volatile week of trading. The dollar traded in a wide range of 194.50-198.00 last week and it touched a weekly high of 198.00 on Tuesday, before closing at 195.50. Illiquid market conditions coupled with regular importer demand pushed the dollar higher before reversing on Friday.

Usd/Lkr premiums closed unchanged at 0.10, -0.10, -0.25, and -0.60 for 1,3,6 and 12 months respectively.

Sri Lanka's official reserves were 4.8 billion US dollars by the end of January 2021, down from 5.7 billion US dollars in December last year, according to the latest Central Bank data. Central Bank had sold dollars 72.25 mln to defend the local currency during the month of January up from 22.5 mln dollars in December 2020

So far the rupee has depreciated by 4.2 percent against the dollar during the first 2 months of 2021.

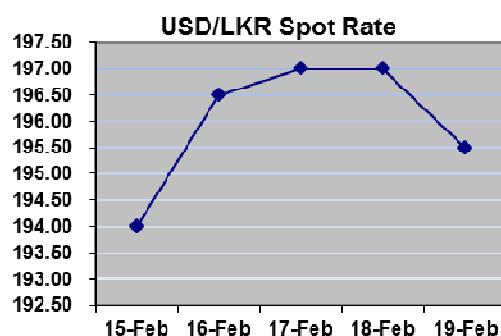
Overnight call money rates remained unchanged at 4.5%-4.55% range last week. T-bill yields inched up by 5 to 10 basis points during the last 2 weeks.

## Primary Market Treasury Bills

 Week Ending 19<sup>th</sup> Feb 2021

	W/avg.	Previous	Change
3 m	4.82%	4.72%	+ 0.10%
6 m	4.93%	4.85%	+ 0.08%
12m	5.09%	5.04%	+ 0.05%

\*R - Rejected



## INTERNATIONAL MARKET



The U.S. dollar fell to a three-year low against its Australian counterpart and teetered near three-year low against the British pound as progress in curbing coronavirus infections boosted sentiment for riskier assets.

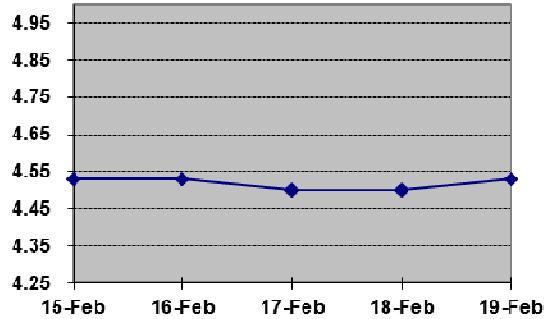
The greenback also slipped toward a three-year low against the New Zealand dollar as traders sought currencies with close ties to the global commodities trade due to an improving economic outlook.

The U.S. currency, which is often considered a safe asset during times of uncertainty, is likely to fall further as more investors focus on economic recovery once the worst of the coronavirus pandemic passes.

The Australian dollar hit \$0.7892, its highest since March 2018 while the New Zealand currency rose to \$0.7315, its strongest since April 2018. Vaccine rollouts will ease risks to Australia's economy over the year, ratings agency Fitch said on Monday when it maintained the country's top AAA credit rating, albeit with a negative outlook.

The euro last traded at \$1.2124. The British pound bought \$1.4030, close to a three-year high. Against the yen, the dollar held steady at 105.45

## Interbank Lkr O/N rates %


**As at 19<sup>th</sup> Feb, 2021**
**USD LIBOR**

1 mth	0.11%
3 mths	0.18%
6 mths	0.20%
12mths	0.29%

**LKR AWPL Rates**

Weekly – 5.69%

**Foreign Exchange Rates**

	Friday Closing New York
EUR/USD	1.2117
USD/JPY	105.43
AUD/USD	0.7869
GBP/USD	1.4010

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