

Weekly Treasury Market Report

06th February, 2018

29th Jan – 02nd Feb 2018

LOCAL MARKET

The Usd closed trading at an all-time high against the rupee at 154.40, after opening the week at 153.90. The demand for Usd came mainly from the importers and investors, while one of the state banks were seen buying the Usd around 154.10 thus keeping the green back underpinned in the short term. Expect the currency to trade in a wide range of 154.20-154.80 this week with an upward bias.

Usd/Lkr premiums closed virtually unchanged across the board for tenors 1, 3, 6 and 12 months at 0.80, 2.40, 4.80, and 9.80 respectively.

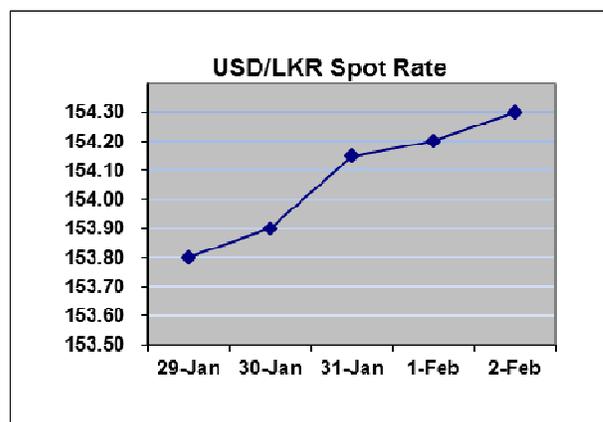
In other news, Sri Lanka's inflation eased to 5.8pct 12 months to January 2018, from 7.1pct in December as per the state statistics office data. In the month of January, the price index fell 0.1 point in absolute terms to 122.8 points. Core inflation moved up 0.6 pct.

Overnight call rates remained unchanged at 8.05%- 8.15%

Primary Market Treasury Bills

Week Ending 02nd Feb, 2018

	W/avg.	Previous	Change
3 m	-	-	-
6 m	7.95%	7.96%	- 0.01%
12m	8.90%	8.90%	-



INTERNATIONAL MARKET



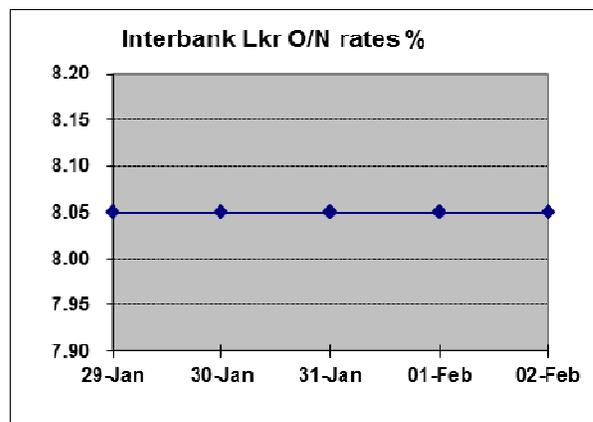
The dollar rose against a basket of currencies on Monday as U.S. bond yields rallied on safe-haven demand stemming from a dramatic selloff on Wall Street, where the Dow Jones at one point fell more than 1,500 points.

Analysts cautioned, however, that further gains in the greenback would be limited as other economies seem poised to expand more quickly than the United States speculation that other central banks besides the Federal Reserve may roll back stimulus will probably cap the U.S. currency's recovery. "The dollar selling (had been) overdone," said Paul Christopher, head global market strategist at Wells Fargo Investment Institute in St. Louis. "We think rates are not going to go up a lot more here."

The euro fell 0.39 percent to trade at \$1.2412, slightly below a three-year high of \$1.2538 on the EBS trading system.

The euro briefly pared losses following upbeat comments by European Central Bank President Mario Draghi before the European Parliament, but Draghi also said the current surge of the single currency might impair its outlook for price stability.

Against the yen, the greenback slipped 0.56 percent at 109.48 yen, holding above a four-month low of 109.76 yen on Jan. 26, Reuters data showed. In U.S. afternoon trading, the Dow was down 3.7 percent, while the S&P 500 Index was down 3 percent. (Source – Reuters)



As at 02nd Feb, 2018

USD LIBOR

1 mth	1.58%
3 mths	1.79%
6 mths	2.00%
12mths	2.29%

LKR AWPL Rates

Weekly	11.04%
Monthly	11.29%
Semi Annual	11.40%

Foreign Exchange Rates

	Monday Closing New York
EUR/USD	1.2367
USD/JPY	109.09
AUD/USD	0.7878
GBP/USD	1.3959

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