

Weekly Treasury Market Report

16th January, 2018

02nd Jan – 05th Jan 2018

LOCAL MARKET

The Sri Lankan rupee edged lower to 153.90, after trading in a range of 153.60-153.95 last week. Demand for greenback from importers is seen gaining momentum during the past few days and pressure on the rupee is weighing high in the short term. Inflows from investors and foreign remittances are expected to slow down and expect the rate to trade in a range of 153.70-154.30 with an upward bias this week.

Usd/Lkr premiums closed lower across the board on the back of lower G Sec yields, at 0.85, 2.50, 4.90, and 9.85 for 3, 6 and 12 months respectively.

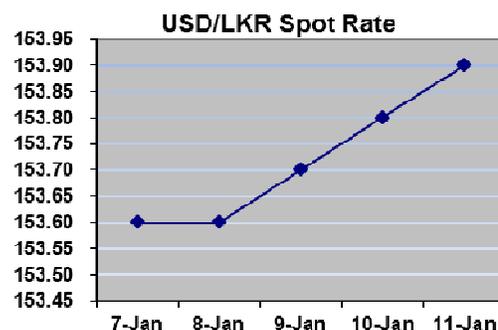
In other news, China Merchant Ports Holding made the payment of Usd 97.365 mln as the second tranche of its investment. Sri Lanka received its first tranche of Usd 292 mln in December last year out of a total of Usd 1.12 bln.

Overnight rates remained steady at 8.10%-8.15%

Primary Market Treasury Bills

Week Ending 12th Jan, 2018

	W/avg.	Previous	Change
3 m	-	-	-
6 m	8.06%	8.24%	- 0.18%
12m	8.80%	8.90%	-0.10%



INTERNATIONAL MARKET

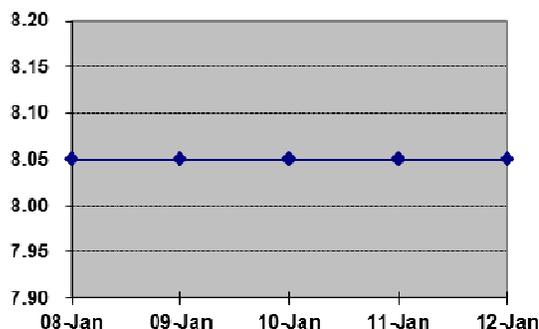


The euro climbed to a three-year high to the dollar on Monday, nearing the \$1.23 line as investors ramped up positions in the backdrop of growing economic optimism in the euro zone and expectations the central bank may tighten policy soon. Euro bulls received a shot in the arm on Monday after data showed the trade surplus in the 19-country euro area rose to its highest level in eight months, indicating a stronger euro.

The currency's rise also coincided with a fresh leg down on the dollar, with the euro zone's improving economic outlook spurring more investors to rebalance their portfolios towards the region. Speculators boosted net long positions in the euro to a record high in the week to Jan. 12, according to the latest futures data.

Against a basket of currencies, the euro is at its highest since late 2014. The dollar has weakened as markets grow increasingly confident that a global recovery would outpace U.S. growth and prompt other major central banks led by the ECB to unwind its easy policy quicker than market expectations. The British pound continued to rack up highs not seen since the June 2016 vote to leave the European Union. The pound added to Friday's surge - triggered by a report that two EU member states wanted Britain to remain as close as possible to the EU after its exit - and traded as high as \$1.3819. (Source - Reuters)

Interbank Lkr O/N rates %



As at 12th Jan, 2018

USD LIBOR

1 mth	1.56%
3 mths	1.73%
6 mths	1.90%
12mths	2.12%

LKR AWPL Rates

Weekly	11.40%
Monthly	11.33%
Semi Annual	11.50%

Foreign Exchange Rates

	Friday Closing New York
EUR/USD	1.2264
USD/JPY	110.54
AUD/USD	0.7965
GBP/USD	1.3792

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