DAILY MARKET WATCH

20th August 2026

TREASURY

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FINANCIAL MARKET UPDATE IN BRIEF

FOREIGN EXCHANGE

USD/LKR Range: 326.50 – 334.50

The market continues to face sustained downward pressure, weighed by subdued demand from importers.

COLOMBO STOCK EXCHANGE

ASPI: 21,416.57 ▼0.29% (62.50)

S&P SL20: 6,020.38 ▼0.34% (20.53)

Wednesday's session closed down with a market turnover of Rs. 1.54 Bn.

20.08.2026 Indicative Market levels

	Buying	Selling
USD	326.50	334.50
EUR	379.57	392.22
GBP	442.62	456.81
JPY	2.0537	2.1173
SGD	252.78	267.25
AUD	228.99	241.29

Traded USD Volumes as at 19.08.2026

Cash	24.90
Tom	07.00
Spot	64.80
FWD	37.60

TREASURY BILL/BOND MARKET

The G-Sec market traded with a volume **57.62 Bn** on **19.08.2026**. Indicative T-bond rates closing levels were as follows.

15/03/2028	09.98%-10.05%
01/08/2030	10.80%-10.85%
15/01/2033	11.30%-11.40%

**Strictly indicative and for information only*

Treasury Bill Market (Weighted Average Rates)

	This Week 19.08.2026	Last Week **12.08.2026**
91 days	**09.22%**	09.77%
182 days	**09.60%**	09.99%
364 days	**09.91%**	10.19%

LKR Bio	Foreign Holding 13.08.2026	Foreign Holding 01.01.2026	Net Flow (YTD)
T-Bills & T-Bonds	194.20	141.36	52.84

MONEY MARKET AT A GLANCE

As of 19.08.2026 (in LKR Bn)	
Overnight Market Liquidity	138.98
Term Liquidity	150.00
Overall Market Liquidity	**288.98**

Net of Overnight SDF and SLF	78.98
Net of Overnight Repo / (Rev Repo)	60.00
Overnight Liquidity Support Facility	-
Net of Term Repo / (Rev Repo)	150.00
Term Liquidity Support Facility	-
Overnight Call Money Rates	8.75% - 8.85%
Overnight Repurchase Rates	8.78% - 8.90%

ECONOMIC INDICATORS

AWPLR as at 14.08.2026	10.95%
Inflation (YoY – July 2026 - CCPI)	7.30%
Inflation (YoY– June 2026 - NCPI)	6.50%
Official Reserves Assets (end July 2026)	US$ 6,591 Mn
GDP Quarterly growth rate (2026 – Q1)	5.10%

Unemployment Rate (2026 – Q1)	3.70%
Per Capita GDP-2025	US$ 5,003
Statutory Reserve Ratio (SRR)	2.00%
Trade Balance (Jan – June - 2026)	(US$ 5,489.3 Mn)
Total Outstanding Government Debt (End Mar 2026)	30,193.18 Bn

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INTERNATIONAL MARKETS

The US Dollar Index (DXY) held at 98.8 on Thursday, near three month lows, as the US government expanded its bond buyback program to contain long term borrowing costs. The Treasury announced it would at least double liquidity support buybacks for securities maturing between 10 and 30 years, addressing concerns over surging yields and market stability. This signaled a more active Treasury role in limiting long term yields while boosting global dollar liquidity. Meanwhile, minutes from the Fed's July meeting showed some policymakers favored rate hikes this year to curb inflation risks. Heightened Middle East uncertainty, with US Iran tensions unresolved, further kept inflation concerns in focus.

The EUR/USD climbed to $1.167 on Wednesday, it's highest in three months following gains in G10 currencies after the US Treasury raised bond buyback limits, triggering a dollar plunge. The Treasury doubled repurchases limits for long-term notes and bonds next quarter, likely boosting dollar liquidity from the General Account. The move signaled Washington's focus on lowering long-term yields while increasing dollar supply to strengthen DXY basket currencies. Meanwhile, soaring European natural gas prices from Middle East supply shortages added inflation risks. Markets now price in a continued ECB hiking cycle, with a 90-94% probability of a 25bps hike to 2.50% on September 9.

The GBP/USD rose to $1.36 as investors weighed UK inflation, labour market data, and the latest FOMC Minutes. Consumer inflation accelerated to 2.9% in July from 2.6% in June, in line with expectations, while core inflation stayed at 2.6%. These figures led traders to modestly scale back expectations for a Bank of England rate hike later this year. Labour market data showed unemployment steady at 4.9%, above forecasts, with payroll employment down 86,000 year-on-year. Regular earnings growth held firm at 3.5%, highlighting resilience despite weaker employment trends and shaping cautious sentiment around future monetary policy decisions.

The AUD/USD traded near 0.7120 in Asian hours Thursday, slipping after a 0.5% gain the previous day as weak labor data pressured the Australian Dollar. Unemployment rose to 4.5% in July, above expectations of 4.4%, while employment fell sharply by 15.8K compared with June's 80.2K surge and forecasts of a 15K increase. Softer private wage growth further eased pressure on the RBA to tighten policy. Still, Deputy Governor Andrew Hauser cautioned rates may need to rise again if inflation risks materialize, citing the Middle East conflict, the global AI boom, and weak productivity as key drivers of potential price pressures.

The USD/JPY traded near 158.50 in Asian hours Thursday, rebounding after modest losses as the yen remained pressured by wide interest rate differentials, fiscal concerns, and elevated import costs. Japan's merchandise trade deficit widened sharply to JPY 634.5 billion in July from JPY 409.9 billion the prior month, though below forecasts of JPY 680.0 billion. It marked the third straight monthly deficit and the largest since January, driven by imports outpacing exports. Persistent structural pressures continue to weigh on the yen, reinforcing weakness despite occasional rebounds and highlighting challenges for policymakers amid rising fiscal strain and costly energy imports.

MARKET INFORMATION AS AT 20.08.2026

Currency Pair	Cross Rate	Resistance	Support
EUR/USD	1.1675	1.1695	1.1656
USD/JPY	158.43	158.77	158.08
GBP/USD	1.3606	1.3624	1.3586
AUD/USD	0.7113	0.7128	0.7098
USD/SGD	1.2714	1.2760	1.2682
USD/INR	95.75	95.87	95.62

CME SECURED OVERNIGHT OFFER RATE AS OF 19.08.2026

Tenor	USD
O/N SOFR	3.65000
01 Month	3.65191
03 Month	3.74012
06 Months	3.84309
12 Months	3.98812

COMMODITIES

Commodities	Unit	Prices	Previous Day Prices
Gold	USD$ per ounce	**4,492.00**	4,355.29
Oil (Brent)	USD$ per Barrel	**92.04**	91.83
Aluminum HG	USD$ per MT	**3,227.50**	3,220.50
Copper	USD$ per MT	**14,049.50**	13,986.50
Cotton	USD¢ /lb	**88.03**	85.53
Sugar	USD¢ /lb	**17.55**	17.47
CBT Wheat	USD¢ /bu	**697.25**	682.00
SGX Rubber	USD$/100 KG	**229.30**	222.60

In the energy markets, oil prices steadied in early trade on Thursday as investors assessed the outlook for the U.S.-Iran war and the security of shipping through the Strait of Hormuz.

Brent crude futures for October delivery rose 25 cents, or 0.3%, to $91.87 a barrel by 0037 GMT, while U.S. West Texas Intermediate crude futures for September slipped 2 cents to $85.81 a barrel. The more active October WTI contract gained 14 cents, or 0.2%, to $84.53.

Gold prices hovered near its highest level in more than two months on Thursday after a surprise liquidity support announcement by the U.S. Treasury pushed yields and the dollar lower. Spot gold was little changed at $4,512.19 per ounce, as of 00:31 GMT, after hitting its highest level since June 2 at $4,525.79 earlier in the day. Prices jumped more than 4% on Wednesday. U.S. gold futures for December delivery rose 0.6% to $4,569.80.

POLICY RATES

LKR Overnight Policy Rate (OPR)	8.75%
USD Fed Funds Target Range Rate	3.50% - 3.75%
EUR Deposit facility Rate	2.40%
GBP Policy Rate	3.75%
AUD Official Cash Rate	4.35%
JPY Official Cash Rate	1.00%

ECONOMIC CALENDAR – 20.08.2026

GMT	Details
12:30	USD - Initial Jobless Claims

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