

TREASURY COMMENTARY – 23 June 2022LOCAL MARKET**MONEY**

Overnight call-money traded at 14.50 % on Wednesday (22.06.2022). Net market liquidity with the Central Bank was a deficit of Rs 508.15 Bn on Wednesday from a deficit of Rs 511.12 Bn on Tuesday (21.06.2022).

FIXED INCOME SECURITIES

At the Treasury Bill auction held on 22nd June 2022, the 91-day, 182-day and 364-day maturities settled at the weighted averages of 20.73 percent, 21.90 percent and 22.04 percent respectively.

USD/LKR MARKET VOLUMES

VOLUME (USD Mn)
AS AT 22.06.2022

Cash	08.13
Tom	12.00
Spot	-
Forward	19.75

INTERNATIONAL MARKET**FOREX**

The U.S. dollar remained under pressure in Asian trading on Thursday as it looked set to extend declines against major peers to a fourth day, hurt by Treasury yields wallowing near two-week lows amid rising concerns of a recession.

The dollar index, which measures the currency against six key rivals, slipped 0.1% to 104.12, bringing its decline since Friday to 0.46%. It has fallen 1.56% from the two-decade peak of 105.79 reached on June 15, when the Federal Reserve raised rates by 75 basis points - the biggest hike since 1994.

Markets have become increasingly concerned that the Fed's commitment to quelling red-hot inflation will spur a recession. Those worries sent the 10-year Treasury yields sliding to an almost two-week low.

Westpac sees the risk of a pullback in the dollar index to the 102 level in the near term, but recommends buying at those levels.

The dollar slid 0.17% to 135.97 yen, retreating from a 24-year high of 136.71 reached on Wednesday.

However the U.S. currency gained against the South Korean won, scaling 1,302.77 for the first time in 13 years and last trading 0.19% higher at 1,300 won.

The euro was little changed at \$1,05615, while sterling slipped 0.2% to \$0.8630.

COMMODITIES

Gold prices were a touch lower on Thursday, with some support from a weaker dollar and U.S. Treasury yields, after the Federal Reserve's head said the central bank was fully committed to reining in inflation, and would try not to spark a recession in the process. Oil prices fell 2% in early trade on Thursday, extending losses from the previous day, as investors worried that aggressive U.S. interest rate hikes could trigger a recession and dent fuel demand.

ECONOMIC INDICATORS

T/BILL RATES % (W. Av. Last Auction)

3 Months	20.73
6 Months	21.90
12 Months	22.04

T/BOND RATES % (W. Av. Market rates)

2 Year	-
3 Year	21.15
4 Year	-
5 Year	21.00
6 Year	21.00
7 Year	-
8 Year	-

*No firm rates in the market.

LIBOR

	USD	EUR	JPY	GBP
1 Month	1.63	(0.51)	(0.05)	1.22
3 Months	2.18	(0.16)	(0.02)	1.61
6 Months	2.82	0.28	0.04	2.25
12 Months	3.57	1.11	0.05	2.95

AWPLR %

Week ending 17/6	21.27
Week ago	21.60
Year ago	5.74

AWDR %

May 2022	6.99
April 2022	5.52
Year ago	4.97

INFLATION (%)

	March 2022	April 2022	May 2022	Year ago
NCPI (YoY)	21.5	33.8	45.3	6.1
CCPI(YoY)	18.7	29.8	39.1	4.5
(12MW.Av)	9.1	11.3	14.2	3.9

TREASURY DIVISION

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