

TREASURY COMMENTARY – 09th June 2023

DOMESTIC MARKET

USD/LKR

The USD/LKR interbank market is active and is trading in the range of 290.00 and 303.00 today. However, the volatility is continuing in the market.

USD/LKR Market Volume (USD Mn) on 08.06.2023

Cash	2.25
Tom	6.0
Spot	9.5
Forward	9.25

MONEY

Overnight call-money traded at 13.92 % on Thursday (08.06.2023). Net market liquidity was a deficit of Rs 132.96 Bn on Thursday from a deficit of Rs 115.78 Bn on Wednesday.

FOREIGN MARKET

FOREX

The dollar retreated in Asian trading on Friday, dragged by lower U.S. Treasury yields after a spike in weekly jobless claims raised traders' hopes that a peak in U.S. interest rates was near, as focus turned to the upcoming week packed with central bank meetings.

The dollar index last stood at 103.35 in early Asia trade on Friday, having lost more than 0.7% in the previous session, its largest daily decline in weeks.

Against the Japanese yen, the greenback dipped to a one-week low of 138.765, tracking a slide in U.S. Treasury yields.

Elsewhere, sterling touched a near one-month high of \$1.2564, while the kiwi last bought \$0.6095.

The euro was last steady at \$1.0782, flirting with Thursday's over two-week high of \$1.0787.

The Canadian dollar last bought C\$1.3365, not far from its one-month high of C\$1.3321 hit on Wednesday, while the Aussie similarly stood near a roughly one-month peak at \$0.6711.

Both currencies have drawn support from surprise rate increases by their respective central banks this week, which caused markets to revise their expectations for a peak in global interest rates.

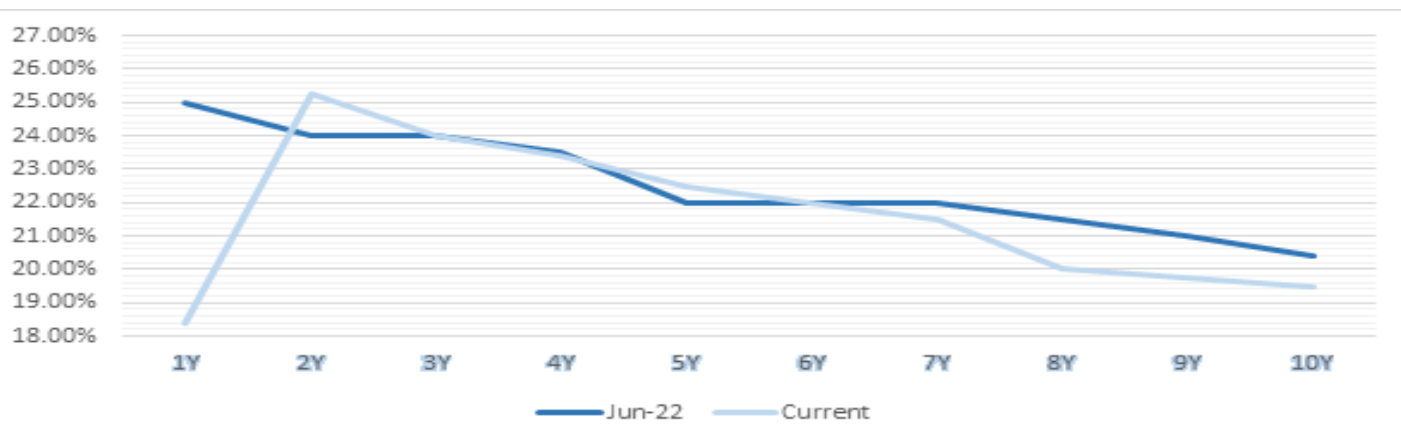
COMMODITIES

Gold prices eased on Friday after a more than 1% climb in the previous session, although bullion was on track for a weekly gain on bets that the U.S. Federal Reserve may pause rate hikes in its meeting next week.

Oil prices fell in early Asia trade on Friday as demand concerns outweighed the prospect of tighter supply from global producers while investors remained sceptical that the United States and Iran could strike a nuclear deal.

ECONOMIC INDICATORS

Bond Curve



AWPLR %		AWDR %		T BILL%	
Week ending 02/06	20.29	May 2023	15.23	3M	23.21
Week ago	21.28	April 2023	15.12	6M	21.90
Year ago	22.11	Year ago	6.99	1Y	19.10

INFLATION (%) (Base:2021=100)	March 2023	April 2023	May 2023	Year ago
NCPI (YoY)	49.2	33.6	-	33.8
NCPI (core)	44.2	31.8	-	27.9
CCPI(YoY)	50.3	35.3	25.2	39.1
CCPI (core)	39.1	27.8	20.3	28.4

CBSL reserves (USD) – Apr 23"	2,761 Bn	LIBOR	USD	EUR	JPY	GBP
CBSL T-bill/bond holding	2592.87 Bn	1M	5.22	3.27	0.04	4.93
Market liquidity	(132.96) Bn	3M	5.54	3.46	0.00	5.21
Foreign holding LKR bills/bonds	167.32 Bn	6M	5.66	3.73	0.10	5.53
		1Y	5.79	3.92	0.40	5.82

	O/N	1M	3M	6M	12M
USD SOFR	5.0500	5.1463	5.2505	5.2920	5.1461
EUR ESTR	3.1480	3.2950	3.4510	3.5960	3.6460
GBP SONIA	4.4278	4.5920	4.8040	5.0720	5.3407

TREASURY DIVISION

Level-11

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Interest Rates: 2664850-3 (Thayalan/Priyantha/Vajira/Sanka/Manjuli/Anjula/Pasan)

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