

TREASURY COMMENTARY – 13th February 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 310.00 and 318.00. The rupee has appreciated by approximately 3.11% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 12.02.2024

Cash	30.28
Tom	11.0
Spot	14.9
Forward	44.5

MONEY

Overnight call-money traded at 9.13% on Monday (12.02.2024). Net market liquidity was a surplus of Rs 22.27 Bn on Monday from a surplus of Rs 125.32 Bn on Friday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar flirted with the psychological threshold of 150 yen in Asian trading on Tuesday and held broadly steady ahead of a key reading on U.S. inflation due later in the day,

Trading was largely subdued early in Asia with markets in China and Hong Kong still closed for the Lunar New Year holidays and as traders stayed on guard ahead of Tuesday's release of consumer prices data in the world's largest economy.

The greenback last bought 149.39 yen, edging higher toward the closely-watched 150 level that analysts said would likely trigger further jawboning from Japanese officials in an attempt to support the currency.

The yen, which has already tumbled more than 5% against the dollar year-to-date, is under persistent pressure as investors pare back their expectations of the scale and pace of the Federal Reserve's easing cycle. The yen bears are also being emboldened on signs the Bank of Japan will resist aggressively hiking rates even if it exits negative interest rates this year as markets are wagering.

Elsewhere, the euro edged 0.03% lower to \$1.0768, while sterling fell 0.07% to \$1.2620.

The Australian dollar likewise dipped 0.08% to \$0.6526.

Against a basket of currencies, the dollar inched up 0.02% at 104.16. The New Zealand dollar eased 0.11% to \$0.6121.

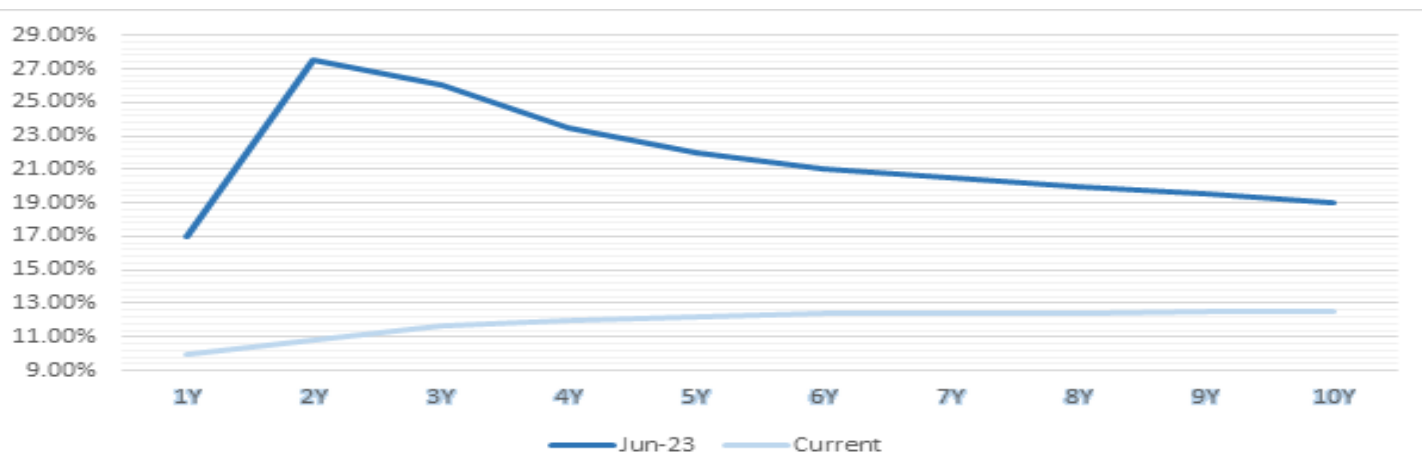
COMMODITIES

Gold prices were stuck in a tight range on Tuesday as investors refrained from making big bets ahead of a U.S. inflation report that could give fresh perspective on how soon, and by how much, the Federal Reserve could cut interest rates this year.

Oil prices were little changed on Tuesday for a second straight day as uncertainty about the pace of potential U.S. interest rate cuts and the impact on fuel demand offset worries about Middle East tensions that could disrupt supply.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 09/02 **11.83**
 Week ago 11.91
 Year ago 25.83

AWDR %
 Jan **2024** 11.15
 Dec **2023** 11.64
 Year ago 14.63

T BILL%
 3M 10.96
 6M 11.07
 1Y 10.73

INFLATION (%) (Base:2021=100)	Nov 2023	Dec 2023	Jan 2024	Year ago
NCPI (YoY)	2.8	4.2	-	59.2
NCPI (core)	0.8	0.9	-	57.5
CCPI(YoY)	3.4	4.0	6.4	51.7
CCPI (core)	0.8	0.6	2.2	45.6

CBSL reserves (USD) – JAN 24"	4.491 Bn
CBSL T-bill/bond holding	2,735.62 Bn
Market liquidity	22.27 Bn
Foreign holding LKR bills/bonds	111.15 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3100	5.3204	5.3065	5.1909	4.8986
EUR ESTR	3.9040	3.9070	3.8730	3.7460	3.3930
GBP SONIA	5.1885	5.1942	5.1996	5.1580	4.9640

TREASURY DIVISION Level-11

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