

TREASURY COMMENTARY – 22nd February 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 307.00 and 315.00. The rupee has appreciated by approximately 4.04 % against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 21.02.2024

Cash	3.0
Tom	2.0
Spot	24.35
Forward	4.6

MONEY

Overnight call-money traded at 9.23% on Wednesday (21.02.2024). Net market liquidity was a surplus of Rs 59.2 Bn on Wednesday from a surplus of Rs 23.26 Bn on Tuesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar index edged lower in Asian trading on Thursday after minutes from the Federal Reserve's January meeting came in largely as expected and showed that the bulk of policymakers were concerned about the risks of cutting interest rates too soon.

Traders have pushed back expectations on when the Fed will begin cutting rates to June as officials caution that they want to see more evidence that inflation will continue to decline.

The dollar index was last down 0.04% on the day at 104.00, after reaching 103.79 on Tuesday, the lowest since Feb. 2.

The euro gained 0.1% to \$1.0815. The greenback rose 0.13% to 150.19 yen .

Sterling was up 0.11% at \$1.2632 after figures showed Britain chalked up its highest ever monthly budget surplus in January ahead of finance minister Jeremy Hunt's annual budget in March.

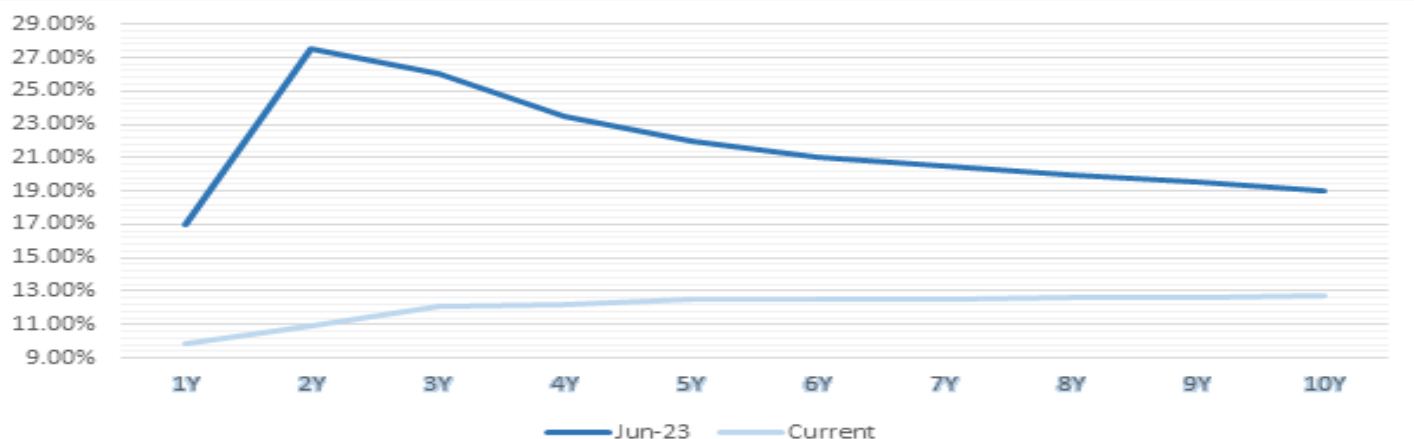
COMMODITIES

Gold prices edged up on Thursday supported by safe-haven demand amid rising geopolitical tensions in the Middle East and a softer dollar, while minutes of the latest U.S. Federal Reserve meeting dampened hopes for an early interest rate cut.

Oil prices rose slightly on Thursday, holding to gains from the previous session that came amid signs of tighter supply.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 16/02 **11.61**
 Week ago 11.83
 Year ago 25.35

AWDR %
 Jan 2024 11.15
 Dec 2023 11.64
 Year ago 14.63

T BILL%
 3M 9.78
 6M 9.86
 1Y 10.02

INFLATION (%) (Base:2021=100)	Nov 2023	Dec 2023	Jan 2024	Year ago
NCPI (YoY)	2.8	4.2	6.5	53.2
NCPI (core)	0.8	0.9	-	52.0
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	59.2 Bn
Foreign holding LKR bills/bonds	103.61 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3000	5.3210	5.3219	5.2434	4.9989
EUR ESTR	3.9090	3.9090	3.8780	3.7510	3.4200
GBP SONIA	5.1879	5.1978	5.2074	5.1645	4.9674

TREASURY DIVISION Level-11

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