

## TREASURY COMMENTARY – 19<sup>th</sup> March 2024

### DOMESTIC MARKET

#### USD/LKR

The USD/LKR market is active and is trading around the level of 300.00 and 308.00. The rupee has appreciated by approximately 6.20 % against the USD from the beginning of the year.

#### USD/LKR Market Volume (USD Mn) on 18.03.2024

Cash	23.1
Tom	2.0
Spot	65.7
Forward	21.3

#### MONEY

Overnight call-money traded at 9.17 on Monday (18.03.2024). Net market liquidity was a deficit of Rs 77.07 Bn on Monday from a surplus of Rs 11.88 Bn on Friday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

The yen dwindled near the 150 per dollar level in Asian trading on Tuesday but held its ground ahead of a pivotal policy decision from the Bank of Japan (BOJ), while the U.S. dollar towered over its peers as bets for early rate cuts there were trimmed.

Rate decisions from the BOJ and the Reserve Bank of Australia (RBA) come under the spotlight in the Asia day, and currency moves were subdued early on Tuesday with traders hesitant to take on new positions ahead of the outcomes.

The yen was last little changed at 149.14 per dollar, while the Australian dollar fell 0.06% \$0.6556.

Against the euro, the yen steadied at 162.18, with the Japanese currency likewise little changed against the Aussie at 97.78.

The Aussie found some support at the start of the week from better-than-expected Chinese data, but due to a resurgent U.S. dollar, it was still some distance away from a roughly two-month high of \$0.6667 hit earlier in the month.

The New Zealand dollar was similarly pinned near Monday's two-week low and last bought \$0.6079.

Elsewhere, the euro rose 0.02% to \$1.08735, having touched a two-week trough of \$1.0866 in the previous session. Sterling fell 0.05% to \$1.2723.

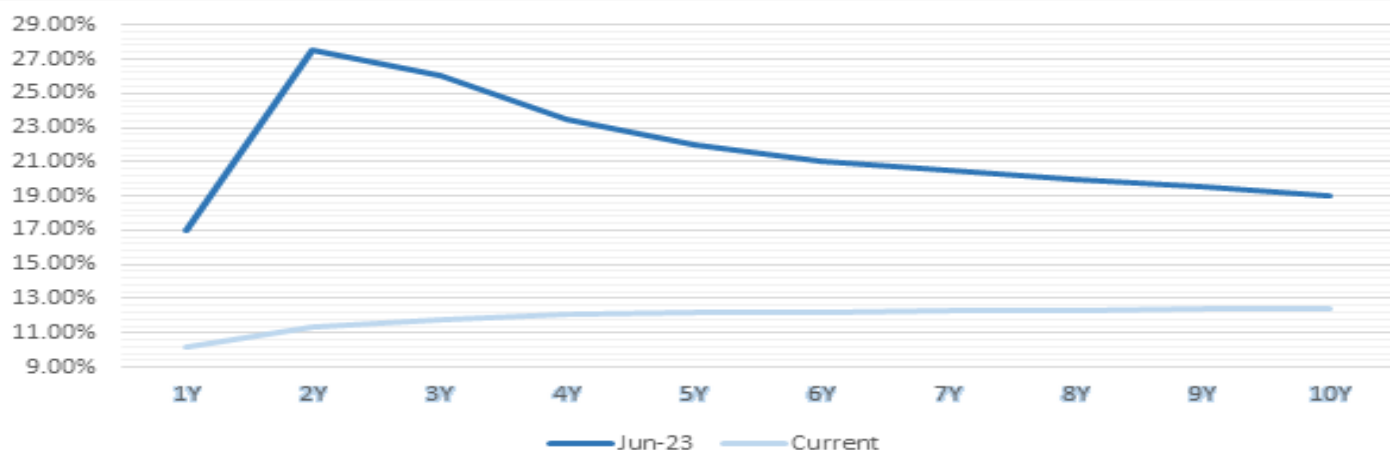
#### COMMODITIES

Gold held steady on Tuesday as investors stayed on the sidelines ahead of the U.S. Federal Reserve policy meeting this week, which could offer further clues on the timing of likely interest rate cuts this year.

Oil prices climbed about 2% to a four-month high on Tuesday on lower crude exports from Iraq and Saudi Arabia and signs of stronger demand and economic growth in China and the U.S.

# ECONOMIC INDICATORS

## Bond Curve



**AWPLR %**  
**Week ending 15/03** 11.35  
**Week ago** 11.35  
**Year ago** 23.78

**AWDR %**  
**Feb 2024** 10.80  
**Jan 2024** 11.15  
**Year ago** 14.74

**T BILL%**  
**3M** 10.10  
**6M** 10.21  
**1Y** 10.24

INFLATION (%) (Base:2021=100)	Dec 2023	Jan 2024	Feb 2024	Year ago
NCPI (YoY)	4.2	6.5	-	53.2
NCPI (core)	0.9	2.2	-	52.0
CCPI(YoY)	4.0	6.4	5.9	50.6
CCPI (core)	0.6	2.2	2.8	43.6

CBSL reserves (USD) – FEB 24"	4.517 Bn
CBSL T-bill/bond holding	2,691.27 Bn
Market liquidity	(77.07) Bn
Foreign holding LKR bills/bonds	88.6g Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3100	5.3287	5.3325	5.2751	5.0785
EUR ESTR	3.9060	3.9060	3.8910	3.7690	3.4860
GBP SONIA	5.1894	5.1984	5.2065	5.1500	4.9750

## TREASURY DIVISION Level-11

**Tel: FX: 2664843-6 (Thayalan/Chaaminda/Manjuli/Madhushani/Chandike)**  
**Interest Rates: 2664850-3 (Thayalan/Vajira/Sanka/Manjuli/Anjula/Pasan)**  
**E-mail: [forex@hnb.lk](mailto:forex@hnb.lk) Fax: 2664854 Fitch Rating: A(Ika.)**

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(Sources: Reuters, Bloomberg)