

TREASURY COMMENTARY – 28th March 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 295.25 and 303.25. The rupee has appreciated by approximately 7.66 % against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 27.03.2024

Cash	1.9
Tom	4.5
Spot	110.75
Forward	36.15

MONEY

Overnight call-money traded at 8.72% on Wednesday (27.03.2024). Net market liquidity was a surplus of Rs 30.6 Bn on Wednesday from a deficit of Rs 1.97 Bn on Tuesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The U.S. dollar received a boost against major currency peers in Asian trading on Thursday, as a Federal Reserve official said he wasn't in a hurry to cut rates amid sticky inflation, and as traders braced for key economic data.

Meanwhile, although still not far from the 152 mark, the yen was holding its ground against the greenback after Japan's top monetary officials on Wednesday suggested they were ready to intervene.

The dollar index, a measure of the greenback against major peer currencies, ticked up in the wake of Waller's comments and last held mostly unchanged at 104.41. It's gained around 3% so far in 2024.

Market expectations for the first rate cut to occur at the Fed's June meeting have eased somewhat, currently pricing in a 60% chance compared to 67% around this time last week, according to the CME FedWatch tool.

The greenback reached 151.975 yen on Wednesday, its strongest against the yen since mid-1990. Japan intervened in the currency market three times in 2022, selling the dollar to buy yen, first in September and again in October as the yen slid towards a 32-year low of 152 to the dollar. The Japanese currency was last pinned at 151.37 against the dollar.

Elsewhere, the euro was down 0.11% at \$1.0814.. Sterling fell 0.17% to \$1.2616.

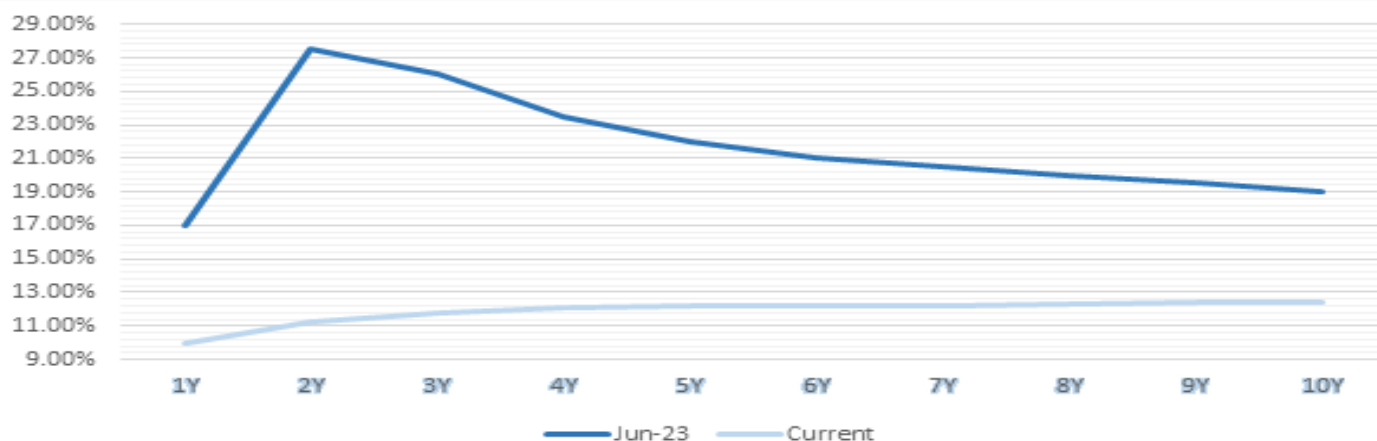
COMMODITIES

Gold prices eased on Thursday as the U.S. dollar and bond yields ticked higher after comments from a Federal Reserve official on interest rate cuts, while investors looked forward to more economic data for policy clues.

Global oil prices edged up on Thursday, recovering from two consecutive sessions of decline, as investors reassessed the latest U.S. crude oil and gasoline inventories data and returned to buying mode.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
Week ending 22/03 11.04
Week ago 11.35
Year ago 21.74

AWDR %
Feb 2024 10.80
Jan 2024 11.15
Year ago 14.74

T BILL%
3M 10.07
6M 10.23
1Y 10.28

INFLATION (%) (Base:2021=100)	Dec 2023	Jan 2024	Feb 2024	Year ago
NCPI (YoY)	4.2	6.5	5.1	53.6
NCPI (core)	0.9	2.2	-	50.1
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	30.6 Bn
Foreign holding LKR bills/bonds	86.36 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3200	5.3273	5.3019	5.2240	5.0121
EUR ESTR	3.8960	3.8990	3.8640	3.7210	3.4240
GBP SONIA	5.1896	5.2004	5.1805	5.0855	4.8745

TREASURY DIVISION Level-11

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(Sources: Reuters, Bloomberg)