

TREASURY COMMENTARY – 15th April 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 293.75 and 301.75. The rupee has appreciated by approximately 8.13% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 10.04.2024

Cash	1.83
Tom	9.00
Spot	34.75
Forward	14.60

MONEY

Overnight call-money traded at 8.63% on Wednesday (10.04.2024). Net market liquidity was a surplus of Rs 164.81 Bn on Wednesday from a surplus of Rs 149.03 Bn on Tuesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar steadied in Asian trading on Monday, holding its biggest weekly gain since 2022, as escalating conflict in the Middle East and the prospect of stubbornly high U.S. interest rates gave support. The dollar went up 1.6% against a basket of six major currencies last week after a small but unnerving upside surprise in U.S. inflation cast doubt over bets on U.S. rate cuts, while European policymakers signalled a cut within a few months.

The dollar made a 34-year high on the yen and five-month top on the euro on Friday and traded near those levels early in the Asia day, buying 153.24 yen and a euro for \$1.0646. There was little initial reaction to a weekend attack on Israel by Iran.

The Australian and New Zealand dollars rose very slightly to lift away from lows, with the Aussie up 0.2% to \$0.6475 after briefly touching a two-month trough of \$0.6455.

The kiwi, which hit a five-month low on Friday, nudged 0.2% higher to \$0.5946. Bitcoin, which like the Aussie and kiwi can be a barometer of market sentiment, fell last week and in weekend trade but steadied on Monday to \$65,721.

Sterling was 0.1% firmer to \$1.2460, not far from Friday's five-month low at \$1.2426.

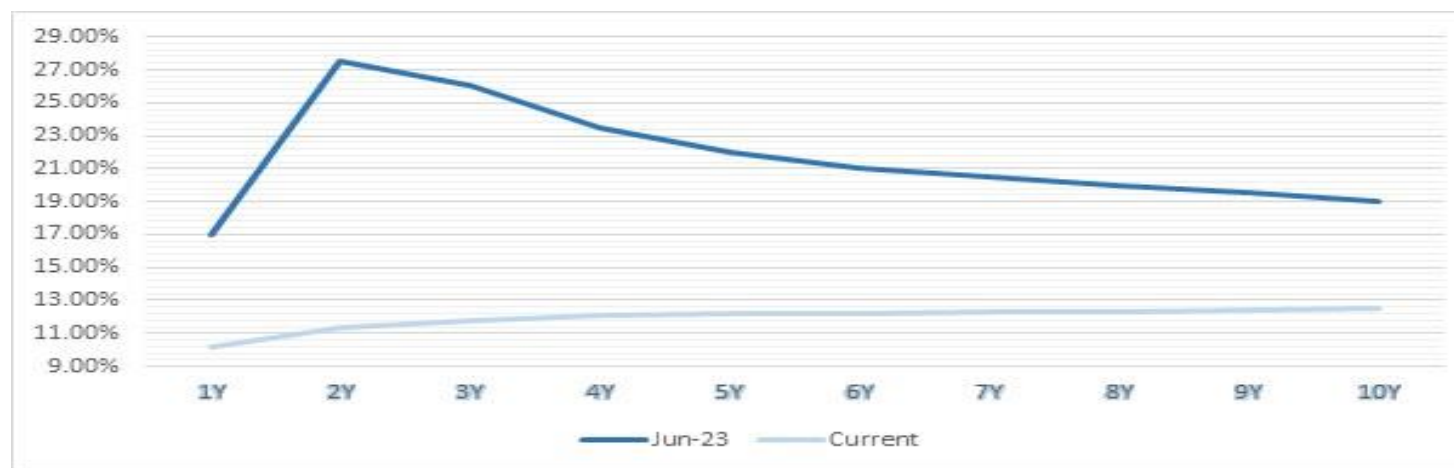
COMMODITIES

Gold prices edged up on Monday, hovering below a record high hit in the previous session, as escalating tensions in the Middle East lifted bullion's safe-haven appeal.

Oil prices fell during trade on Monday, as market participants dialled back risk premiums following Iran's attack on Israel late on Saturday which the Israeli government said caused limited damage.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
Week ending 05/04 10.63
Week ago 10.56
Year ago 22.09

AWDR %
Mar 2024 10.30
Feb 2024 10.80
Year ago 15.06

T BILL%
3M 10.10
6M 10.27
1Y 10.27

INFLATION (%) (Base:2021=100)	Jan 2024	Feb 2024	Mar 2024	Year ago
NCPI (YoY)	6.5	5.1	-	53.6
NCPI (core)	2.2	2.7	-	50.1
CCPI(YoY)	6.4	5.9	0.9	50.3
CCPI (core)	2.2	2.8	3.1	39.1

CBSL reserves (USD) – MAR 24"	4,951 Bn
CBSL T-bill/bond holding	2,675.62 Bn
Market liquidity	164.81 Bn
Foreign holding LKR bills/bonds	85.41 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3100	5.3193	5.3277	5.3034	5.2090
EUR ESTR	3.9030	3.9060	3.8470	3.7280	3.4800
GBP SONIA	5.1980	5.2020	5.1860	5.1209	4.9805

TREASURY DIVISION Level-11

Tel: FX: 2664843-6 (Vajira/Chaaminda/Manjuli/Madhushani/Anjula/Chandike)
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