

TREASURY COMMENTARY – 19th April 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 297.00 and 305.00. The rupee has appreciated by approximately 7.12% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 18.04.2024

Cash	-
Tom	2.0
Spot	19.5
Forward	18.5

MONEY

Overnight call-money traded at 8.64% on Thursday (18.04.2024). Net market liquidity was a surplus of Rs 155.26 Bn on Thursday from a surplus of Rs 103.87 Bn on Wednesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The resurgent dollar headed towards a second straight week of gains in Asian trading on Friday as a hotter-than-expected U.S. economy has pushed back investors' and policymakers' expectations of the trajectory of Federal Reserve rate cuts this year.

The greenback's 0.17% gain for the week was somewhat capped by a slight stall in its rally since Thursday following a rare trilateral warning from finance chiefs in the United States, Japan and South Korea over the latter two's sliding currencies, raising the risk of a potential joint intervention. That's as Asian currencies, in particular, come under immense pressure from the dollar's strength.

The yen was last little changed at 154.61 per dollar, languishing near a 34-year low and not far from the 155 level which traders see as a new line in the sand that would prompt an intervention from Tokyo.

The Japanese currency was eyeing a weekly loss of more than 0.8% and was down 2% for the month thus far, ahead of the Bank of Japan's (BOJ) monetary policy meeting next week.

Elsewhere, sterling fell 0.08% to \$1.2427, leaving it on track to lose 0.18% for the week. The euro eased 0.06% to \$1.0637 and was set to clock a marginal weekly loss.

Against a basket of currencies, the greenback rose 0.05% to 106.22, hovering near a more than five-month high of 106.51.

The Australian dollar fell 0.15% to \$0.6411 and eyed a weekly drop of more than 0.8%.

The New Zealand dollar edged down 0.1% to \$0.5895, and was similarly on track to lose 0.7% for the week.

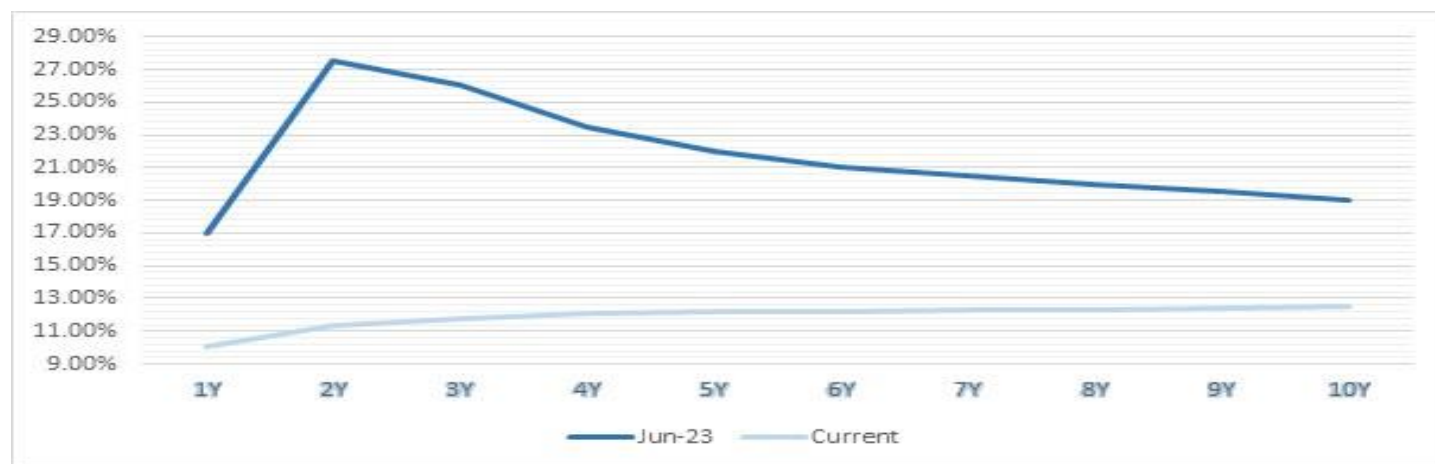
COMMODITIES

Gold prices rose on Friday, on track for their fifth weekly gain, with investors gravitating towards safe-haven assets as political uncertainty in the Middle East overshadowed pressures from the prospect of higher-for-longer U.S. interest rates.

Oil prices jumped \$3 a barrel on Friday in reaction to unconfirmed reports on X that explosions had occurred in Iran, sparking concerns that Middle East oil supply could be disrupted.

ECONOMIC INDICATORS

Bond Curve



AWPLR %	
Week ending 10/04	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	10.03
6M	10.22
1Y	10.23

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	155.26 Bn
Foreign holding LKR bills/bonds	85.41 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3100	5.3154	5.3245	5.2997	5.2036
EUR ESTR	3.9040	3.9080	3.8310	3.6920	3.4450
GBP SONIA	5.1984	5.2016	5.1930	5.1370	5.0190

TREASURY DIVISION Level-11

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