

TREASURY COMMENTARY – 25th April 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 293.00 and 301.00. The rupee has appreciated by approximately 8.36% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 24.04.2024

Cash	5.70
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Spot	34.78
Forward	15.15

MONEY

Overnight call-money traded at 8.64% on Wednesday (24.04.2024). Net market liquidity was a surplus of Rs 155.38 Bn on Wednesday from a surplus of Rs 116.84 Bn on Monday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The yen was pinned on the weaker side of 155 per dollar in Asian trading on Thursday as the Bank of Japan (BOJ) kicks off its two-day rate-setting meeting, leaving traders nervous as to whether Tokyo will intervene while policy deliberations are still underway. Having traded in a tight range over the past few days, a buoyant dollar finally broke above the 155 yen level for the first time since 1990 in the previous session, and was last steady at 155.34 yen in early Asia trade.

In the broader market, the dollar was on the front foot, recouping some of its losses after a slight tumble earlier in the week following upbeat business activity data in the euro zone and the UK, which had in turn sent the euro and sterling higher. The euro was last 0.04% higher at \$1.0702, but edged slightly away from an over one-week high hit on Wednesday, while sterling was off 0.01% at \$1.2463.

The dollar steadied at 105.79 against a basket of currencies, pulling away from a nearly two-week low hit in the previous session.

The Aussie tacked on 0.04% to \$0.6500, buoyed by receding bets of rate cuts from the Reserve Bank of Australia (RBA) this year after the country's consumer price inflation slowed less than expected in the first quarter.

The New Zealand dollar gained 0.08% to \$0.5940.

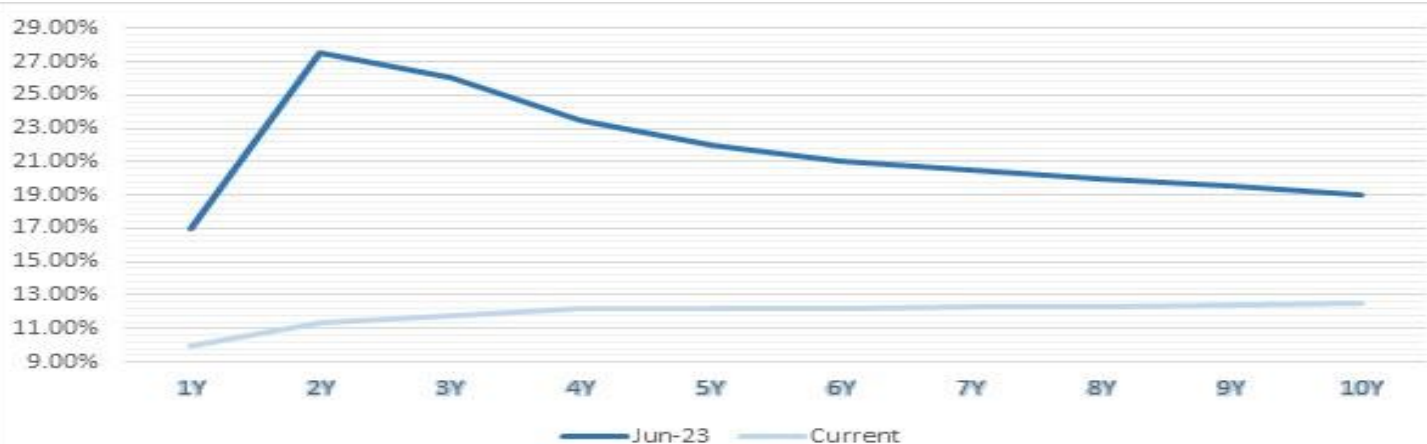
COMMODITIES

Gold prices were stuck in a tight range on Thursday as investors looked to U.S. economic data for further clarity on the Federal Reserve's interest rate path.

Oil prices eased in early trade on Thursday as concerns about a potential slowdown in the U.S. economy amid prospects for delayed interest rate cuts outweighed worries over the risk of expanding conflict in the Middle East.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
Week ending 19/04 10.41
Week ago 10.63
Year ago 21.45

AWDR %
Mar 2024 10.30
Feb 2024 10.80
Year ago 15.06

T BILL%
3M 9.90
6M 10.08
1Y 10.21

INFLATION (%)
 (Base:2021=100)

	Jan 2024	Feb 2024	Mar 2024	Year ago
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NCPI (YoY)	6.5	5.1	2.5	49.2
NCPI (core)	2.2	2.7	3.4	44.2
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 155.38 Bn
Foreign holding LKR bills/bonds 89.27 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3100	5.3182	5.3245	5.2897	5.1883
EUR ESTR	3.9040	3.9110	3.8170	3.6800	3.4400
GBP SONIA	5.1997	5.1992	5.1800	5.1064	4.9730

TREASURY DIVISION Level-11

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