

TREASURY COMMENTARY – 26th April 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 291.00 and 299.00. The rupee has appreciated by approximately 8.97% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 25.04.2024

Cash	5.30
Tom	1.75
Spot	49.75
Forward	10.25

MONEY

Overnight call-money traded at 8.65% on Thursday (25.04.2024). Net market liquidity was a surplus of Rs 145.67 Bn on Thursday from a surplus of Rs 155.38 Bn on Wednesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

In Asian Trading, the yen was parked by a 34-year low on the dollar and decade lows on other crosses ahead of a Bank of Japan meeting where interest rates are expected to stay low, while the dollar dipped elsewhere on softer-than-expected U.S. growth data.

Market expectations are low for any fresh policy shift on Friday, but are keenly watching for changes to inflation projections which would broadcast an intent to hike rates or to any guidance on the interest rate outlook.

The yen, however, fell to its weakest since 1990 at 155.75 per dollar, tracking a sharp rise in U.S. yields as separate figures showed a surge in an inflation measure.

The euro rose 0.3% overnight to a two-week high of \$1.0728 following data showing the U.S. had grown at its slowest pace in nearly two years in the first quarter.

The Australian dollar, which has been boosted by a hotter-than-expected inflation reading this week, briefly topped its 200-day moving average to hit \$0.6539, before settling to \$0.6522 in Asia trade on Friday.

Sterling rose 0.4% overnight and was last at \$1.2507.

The New Zealand dollar was a touch firmer in Asia morning trade at \$0.5960 and has gained in the previous four sessions.

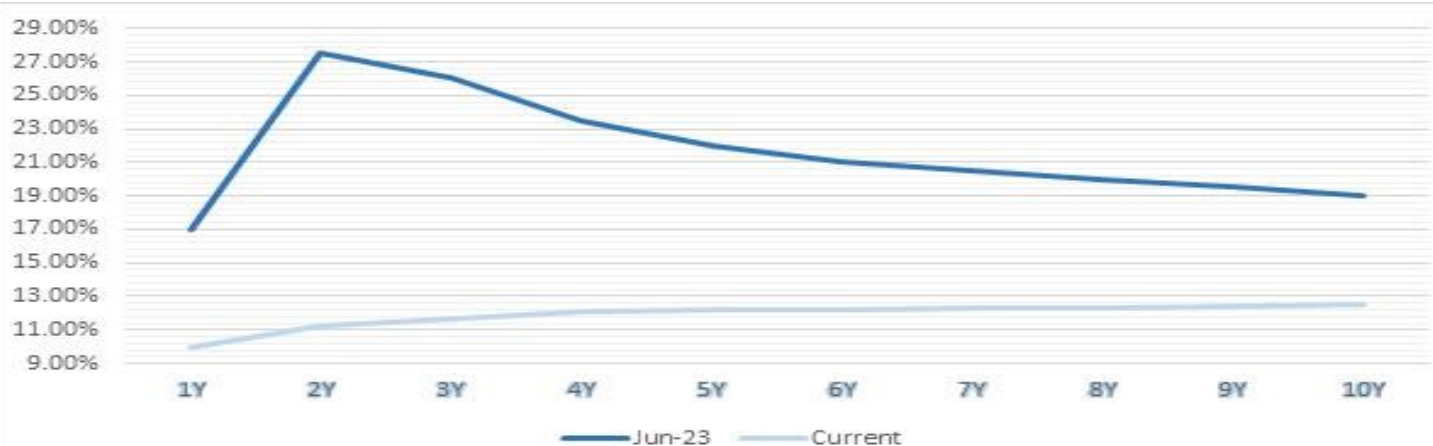
COMMODITIES

Gold prices edged lower on Friday and were set for a weekly decline as investor attention turned to key U.S. inflation data for cues on the Federal Reserve's interest rate trajectory.

Oil prices rose in early trade on Friday, as players took stock of the U.S. Treasury secretary's comments that the country's economy is likely in a stronger position than indicated by weak first-quarter data, coupled with supply concerns as conflict continues 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
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 145.67 Bn
Foreign holding LKR bills/bonds 89.27 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3100	5.3183	5.3249	5.2937	5.1972
EUR ESTR	3.9050	3.9110	3.8160	3.6800	3.4530
GBP SONIA	5.1993	5.2008	5.1823	5.1086	4.9828

TREASURY DIVISION Level-11

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