

TREASURY COMMENTARY – 30th April 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 293.50 and 301.50. The rupee has appreciated by approximately 8.20% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 29.04.2024

Cash	0.65
Tom	1.00
Spot	16.50
Forward	12.00

MONEY

Overnight call-money traded at 8.64% on Monday (29.04.2024). Net market liquidity was a surplus of Rs 130.23 Bn on Monday from a surplus of Rs 169.29 Bn on Friday.

GLOBAL MARKETS

FOREIGN EXCHANGE

Japan's currency surged as much as 5 yen against the dollar from a fresh 34-year low hit earlier. The dollar rose as far as 160.245 yen in a sudden move after the yen traded in a narrow 158.05-158.15 range in early deals.

The dollar fell as far as 154.4 yen in several rapid moves that knocked it from an intraday high of 160.245, its highest since 1990, sparking speculation the Bank of Japan had intervened.

The greenback was last at 156.01 yen, down 1.47%. Trading in Asia was thinner than normal due to Japan's Golden Week holiday. The dollar also saw another sharp decline shortly after midday, dropping from 156.495 to 155.05 in a span of six minutes.

The dollar index fell 0.31% to 105.63, with the euro up 0.25% at \$1.0719.

Sterling strengthened 0.54% to \$1.2558.

In addition, other major central banks such as the European Central Bank and the Bank of England are seen as more likely to begin to cut rates in the near future. European inflation data this week will help shape the path of interest rates for the ECB.

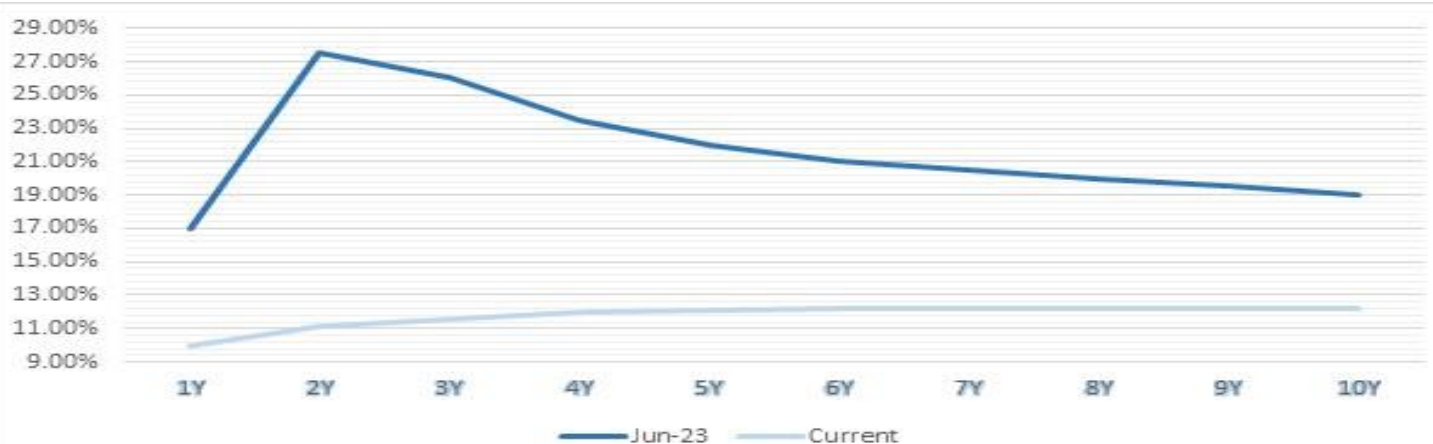
COMMODITIES

Gold prices were steady on Tuesday and set for a third straight monthly gain, as market participants awaited the U.S. Federal Reserve policy decision and non-farm payrolls data due later this week for interest rate cues.

Oil edged down in early trade on Tuesday after Israel-Hamas ceasefire talks in Cairo helped quell market fears of an expanded conflict in the Middle East, while worries about the outlook for U.S. interest rates weighed on the market.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
Week ending 26/04 10.13
Week ago 10.41
Year ago 21.03

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 130.23 Bn
Foreign holding LKR bills/bonds 84.84 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3200	5.3131	5.3268	5.3090	5.2365
EUR ESTR	3.9050	3.9120	3.8010	3.6840	3.4840
GBP SONIA	5.1999	5.2018	5.1823	5.1119	5.0010

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.)