

TREASURY COMMENTARY – 02nd May 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 292.50 and 300.50. The rupee has appreciated by approximately 8.51% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 30.04.2024

Cash	-
Tom	0.50
Spot	10.00
Forward	10.15

MONEY

Overnight call-money traded at 8.57% on Tuesday (30.04.2024). Net market liquidity was a surplus of Rs 173.82 Bn on Tuesday from a surplus of Rs 130.23 Bn on Monday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The yen gave up ground in early trade in Asian Trading on Thursday, reversing direction after a sudden surge against the dollar overnight that traders and analysts were quick to attribute to intervention by Japanese authorities.

The dollar was 0.9% higher at 155.98 yen as of 0100 GMT, retracing about half of its late Wednesday surge from around 157.55 to exactly 153 over a period of about 30 minutes.

The dollar remains up more than 10% against the yen this year, as traders push back expectations on the timing of a first Fed rate cut, while the Bank of Japan has signalled it will go slow with further policy tightening after raising rates for the first time since 2007 in March.

The dollar index, which measures the currency against the yen, euro and four other major peers, ticked up 0.07% to 105.78 on Thursday, following a 0.56% retreat on Wednesday from near six-month highs.

The euro was little changed at \$1.071025, after climbing 0.45% in the previous session.

Sterling was steady at \$1.2530, following a 0.28% rise a day earlier.

Meanwhile, the Federal Reserve kept its Fed Funds Target rates unchanged at 5.25% -5.50%.

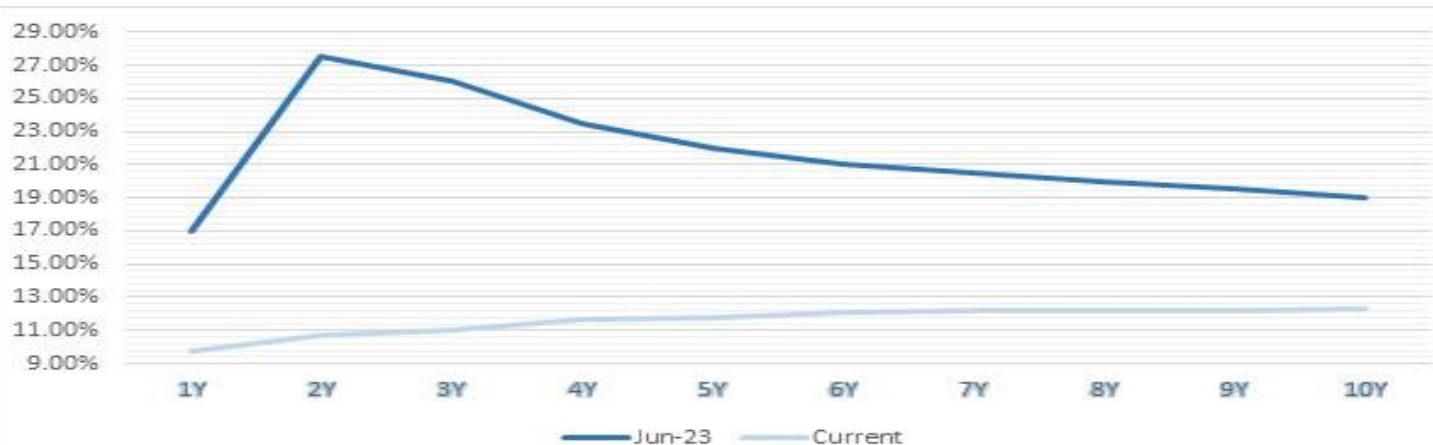
COMMODITIES

Gold prices edged higher for a second straight session on Thursday after the Federal Reserve indicated that it is still leaning toward eventual rate cuts, while investors' focus pivoted toward the U.S. non-farm payrolls data.

Oil prices rose on Thursday on the prospect the U.S. may start buying crude for its petroleum reserve, after prices sank to a seven-week low on hopes for an Israel-Gaza ceasefire, doubts about U.S. interest rate cuts and swelling oil inventories.

ECONOMIC INDICATORS

Bond Curve



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

AWDR %
Apr 2024 9.66
Mar 2024 10.30
Year ago 15.12

T BILL%
3M 9.61
6M 9.89
1Y 9.99

INFLATION (%) (Base:2021=100)	Feb 2024	Mar 2024	Apr 2024	Year ago
NCPI (YoY)	5.1	2.5	-	49.2
NCPI (core)	2.7	3.4	-	44.2
CCPI(YoY)	5.9	0.9	1.5	35.3
CCPI (core)	2.8	3.1	3.4	27.80

CBSL reserves (USD) – MAR 24"	4,951 Bn
CBSL T-bill/bond holding	2,675.62 Bn
Market liquidity	173.82 Bn
Foreign holding LKR bills/bonds	84.84 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3400	5.3202	5.3327	5.3265	5.2631
EUR ESTR	3.9090	3.9130	3.7900	3.6600	3.4500
GBP SONIA	5.1998	5.2039	5.1929	5.1361	5.0486

TREASURY DIVISION Level-11

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