

TREASURY COMMENTARY – 03rd May 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 02.05.2024

Cash	6.5
Tom	2.15
Spot	36.02
Forward	16.75

MONEY

Overnight call-money traded at 8.64% on Thursday (02.05.2024). Net market liquidity was a surplus of Rs 167.69 Bn on Thursday from a surplus of Rs 173.82 Bn on Tuesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The yen was headed for its best week in more than a year in Asian Trading on Friday, helped by Tokyo's suspected intervention this week to pull the Japanese currency away from 34-year lows, which also left the dollar broadly on the back foot.

The yen rose to a session-high of 152.895 per dollar in early Asia trade and was set to clock a weekly gain of more than 3%, its largest since December 2022. It was last more than 0.4% stronger at 152.96 per dollar.

Against a basket of currencies, the dollar, which has struggled to regain its footing in the wake of the less-hawkish-than-feared Fed comments, was little changed at 105.32. The dollar index was on track to lose 0.7% for the week, its worst performance since March.

The euro ticked up 0.05% to last trade at \$1.0730, and was eyeing a weekly gain of 0.35%.

Sterling steadied at \$1.25365 and was similarly set to rise more than 0.3% for the week.

Down Under, the Australian dollar edged 0.07% higher to \$0.6570, and was on track to gain nearly 0.6% for the week.

The New Zealand dollar tacked on a marginal 0.03% to \$0.5963, and was eyeing a 0.4% weekly gain.

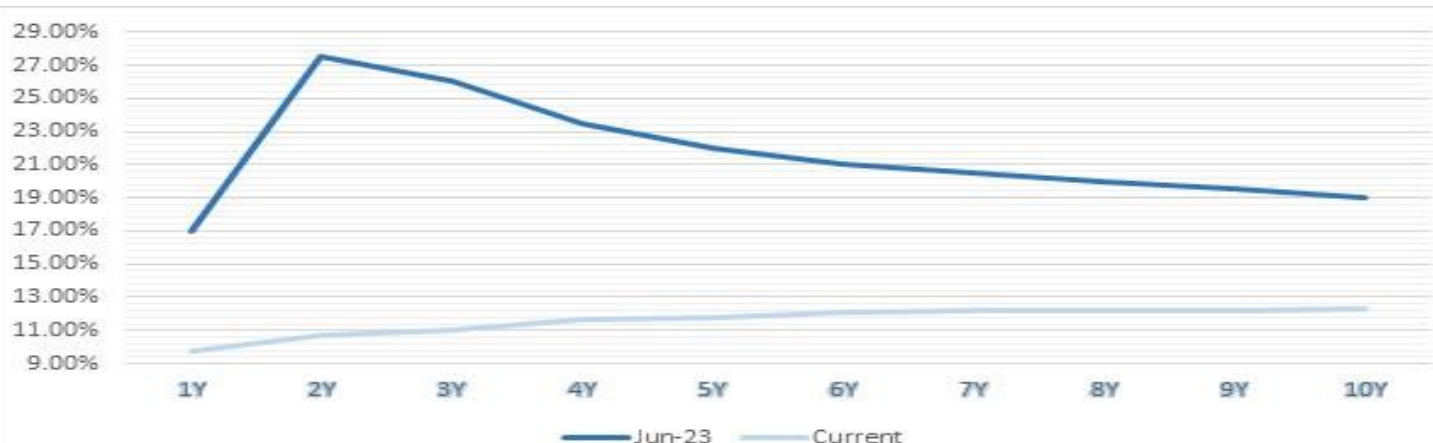
COMMODITIES

Gold prices were set for a second consecutive weekly fall, even as bullion traded almost flat on Friday as investors refrained from taking big positions ahead of U.S. non-farm payrolls data that could offer more cues on the Federal Reserve's policy path.

Oil prices edged up in early trade on Friday on the prospect of OPEC+ continuing output cuts, but the crude benchmarks were headed for weekly losses on U.S. economic uncertainty and limited crude supply disruptions caused by the Israel-Hamas war.

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	167.69 Bn
Foreign holding LKR bills/bonds	84.84 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3200	5.3228	5.3359	5.3285	5.2574
EUR ESTR	3.9090	3.9120	3.7850	3.6720	3.4730
GBP SONIA	5.2000	5.2003	5.1774	5.1090	5.0050

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.)