

## TREASURY COMMENTARY – 06<sup>th</sup> 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 03.05.2024

Cash	15.0
Tom	-
Spot	24.15
Forward	11.50

#### MONEY

Overnight call-money traded at 8.65% on Friday (03.05.2024). Net market liquidity was a surplus of Rs 160.0 Bn on Friday from a surplus of Rs 167.99 Bn on Thursday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

The dollar was broadly steady in Asian Trading on Monday as a soft U.S. jobs report boosted wagers that the Federal Reserve may still cut rates twice this year, while the yen was a tad weaker to start the week.

The yen had clocked last week its strongest weekly gain in more than 17 months following two bouts of suspected Japanese government interventions to pull the currency away from 34-year low of 160.245 per dollar. On Monday, the yen weakened 0.43% to 153.62 per dollar in early trading, having touched a three-week high of 151.86 on Friday, as the dollar lost additional ground after the jobs data.

The offshore yuan was last at 7.1959 per dollar, and gained more than 1% last week.

The Fed held interest rates steady at the conclusion of its two-day monetary policy meeting, as expected, but signalled it was still leaning towards eventual rate cuts, even if they may take longer to come than initially expected.

The dollar index, which measures the U.S. currency against six rivals, was at 105.12, having touched a three-week low of 104.52 on Friday.

The euro was up 0.07% at \$1.0765.

The sterling was last at \$1.2547, up 0.02% on the day.

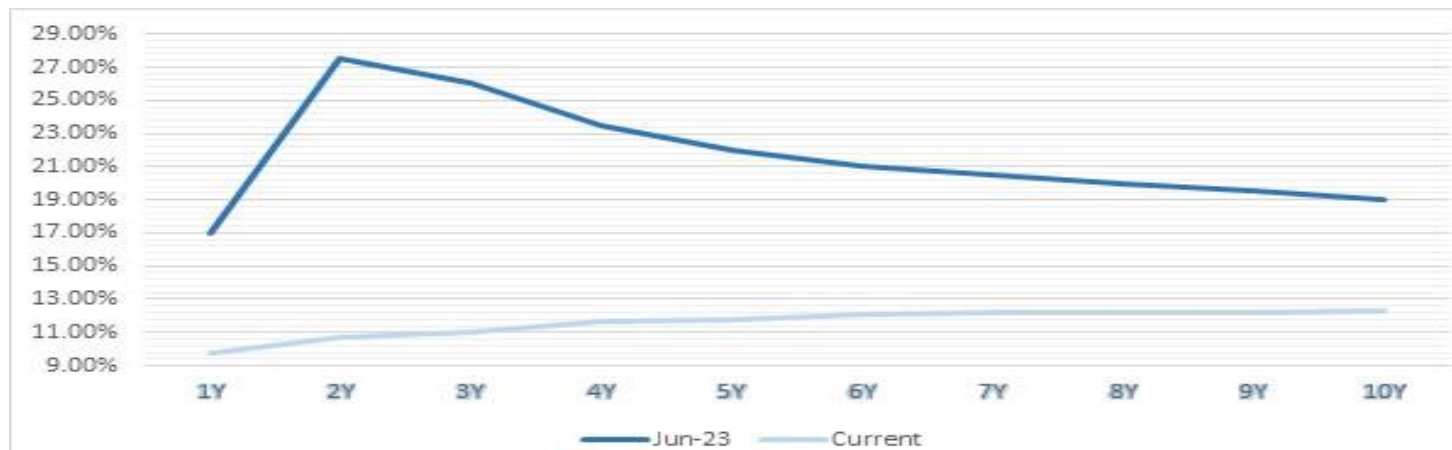
#### COMMODITIES

Gold prices eased in early Asian hours on Monday as the dollar ticked up, while traders awaited comments from a series of Federal Reserve officials for more cues on U.S. interest rate cut timeline.

Oil futures edged up on Monday after Saudi Arabia hiked June crude prices for most regions and as the prospect of a Gaza ceasefire deal appeared slim, renewing fears the Israel-Hamas conflict could still widen in the key oil producing region.

# ECONOMIC INDICATORS

## Bond Curve



**AWPLR %**  
 Week ending 03/05 **10.15**  
 Week ago 10.13  
 Year ago 20.84

**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"	4,960 Bn
CBSL T-bill/bond holding	2,655.62 Bn
Market liquidity	160.03 Bn
Foreign holding LKR bills/bonds	84.13 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3100	5.3224	5.3276	5.3069	5.2087
EUR ESTR	3.9090	3.9120	3.7760	3.6650	3.4740
GBP SONIA	5.2000	5.1976	5.1696	5.1010	4.9820

### 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](mailto:forex@hnb.lk) Fax: 2664854 Fitch Rating: A(Ika.)