

TREASURY COMMENTARY – 07th May 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 294.25 and 302.25. The rupee has appreciated by approximately 7.97% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 06.05.2024

Cash	5.0
Tom	-
Spot	18.5
Forward	13.00

MONEY

Overnight call-money traded at 8.64% on Monday (06.05.2024). Net market liquidity was a surplus of Rs 139.25 Bn on Monday from a surplus of Rs 160.03 Bn on Friday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The yen continued to drift lower against the dollar in Asian trading on Tuesday as gaping interest rate differentials weighed on the currency, despite fresh warnings from Japanese officials following two rounds of suspected dollar-selling intervention last week.

The Australian dollar hovered close to a two-month high versus its U.S. counterpart with the Reserve Bank of Australia widely expected to keep rates steady later in the day, and traders on watch for a more hawkish stance from Governor Michele Bullock.

The U.S. dollar gained 0.22% to 154.235 yen in early Asian trading, adding to its 0.58% rally from Monday. On Friday, it sank as low as 151.86 yen for the first time since April 10, as softer-than-expected monthly U.S. jobs data added to the losses following what Bank of Japan data suggested may have been a total of some 9 trillion yen (\$58.37 billion) in official intervention.

The U.S. dollar index - which measures the currency against six major peers, including the yen, sterling and euro - was little changed at 105.13, after dipping as low as 104.52 on Friday.

The euro was steady at \$1.0765 and sterling was flat at \$1.2565.

The Aussie edged up 0.17% to \$0.6636, heading back towards the high of \$0.6650 from Friday, a level last seen on March 8.

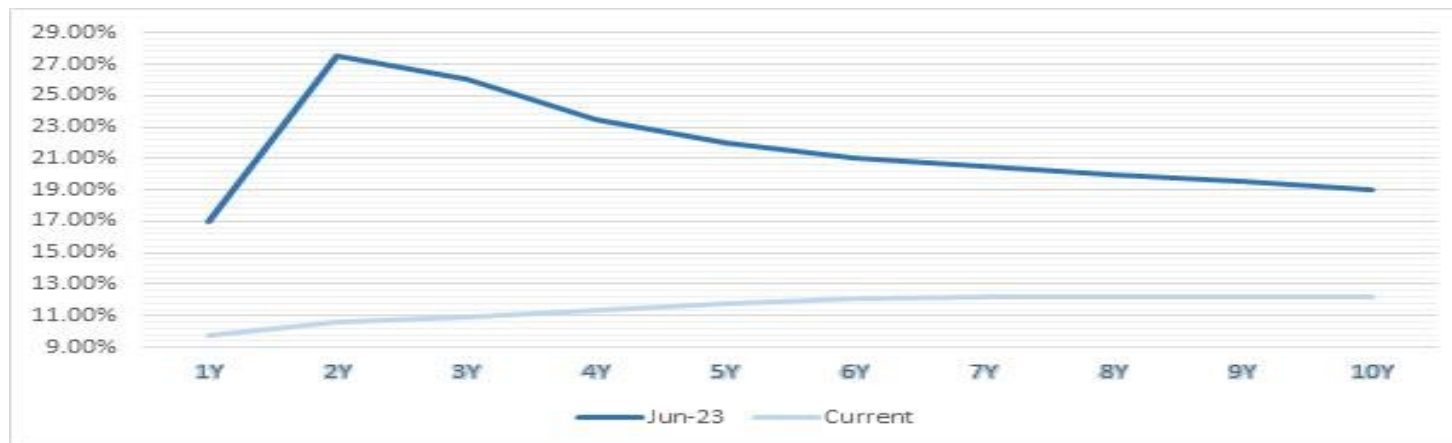
COMMODITIES

Gold prices edged higher on Tuesday, steered by bets that the U.S. Federal Reserve would cut interest rates later this year and safe-haven demand for bullion as Gaza ceasefire remains uncertain.

Oil prices ticked up early on Tuesday after Israel struck Rafah in Gaza while negotiations for a ceasefire with Hamas continued without resolution.

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	139.25 Bn
Foreign holding LKR bills/bonds	84.13 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3100	5.3213	5.3212	5.2824	5.1371
EUR ESTR	3.9090	3.9120	3.7690	3.6510	3.4450
GBP SONIA	5.2000	5.1976	5.1696	5.1010	4.9820

TREASURY DIVISION
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