

TREASURY COMMENTARY – 08th 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 07.05.2024

Cash	8.75
Tom	12.00
Spot	48.00
Forward	35.45

MONEY

Overnight call-money traded at 8.64% on Tuesday (07.05.2024). Net market liquidity was a surplus of Rs 168.95 Bn on Tuesday from a surplus of Rs 139.25 Bn on Monday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar was back on the front foot in Asian Trading on Wednesday, making modest gains after earlier losses from renewed bets on Federal Reserve rate cuts this year, while the yen eased towards the 155 per dollar level and kept intervention risks from Tokyo high.

The yen was last little changed at 154.75 per dollar, edging away from its peak of 151.86 hit last week on the back of suspected intervention from Japanese authorities to prop up the sliding currency.

The offshore yuan further retreated from a more than three-month high hit last week, helped by hopes of further policy stimulus from Beijing to shore up its economy. It last stood at 7.2247 per dollar.

The euro and New Zealand dollar edged 0.02% lower each to \$1.0752 and \$0.6000, respectively.

Against a basket of currencies, the greenback was steady at 105.41, some distance away from a roughly one-month low it hit last week.

Elsewhere, sterling dipped 0.08% to \$1.2499, ahead of the Bank of England's policy decision on Thursday, where focus will be on how soon the central bank could begin cutting rates.

The Australian dollar fell 0.2% to \$0.6585, pressured in part by a less hawkish outlook from the Reserve Bank of Australia than anticipated after it held interest rates steady on Tuesday.

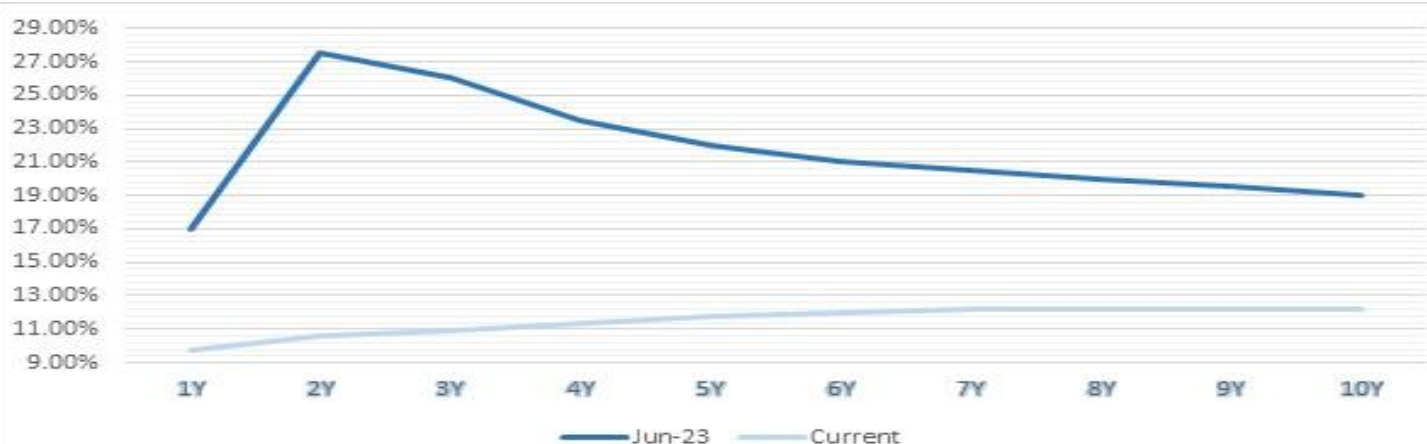
COMMODITIES

Gold prices were steady on Wednesday, while market participants awaited fresh cues from U.S. Federal Reserve officials for further clarity on the timeline for potential interest rate cuts.

Oil prices fell in early Asian trading hours on Wednesday after market sources said that data from the American Petroleum Institute showed an increase in U.S. crude and fuel stockpiles, an indicator of weak demand.

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	168.95 Bn
Foreign holding LKR bills/bonds	84.13 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3100	5.3199	5.3232	5.2874	5.1452
EUR ESTR	3.9090	3.9130	3.7640	3.6390	3.4140
GBP SONIA	5.2001	5.1965	5.1525	5.0680	4.9140

TREASURY DIVISION Level-11

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