

## TREASURY COMMENTARY – 13<sup>th</sup> May 2024

### DOMESTIC MARKET

#### USD/LKR

The USD/LKR market is active and is trading around the level of 294.75 and 302.75. The rupee has appreciated by approximately 7.82% against the USD from the beginning of the year.

#### USD/LKR Market Volume (USD Mn) on 10.05.2024

Cash	5.50
Tom	15.00
Spot	22.00
Forward	35.50

#### MONEY

Overnight call-money traded at 8.62% on Friday (10.05.2024). Net market liquidity was a surplus of Rs 181.90 Bn on Friday from a surplus of Rs 171.05 Bn on Thursday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

Major currencies were steady in Asian Trading on Monday with the dollar consolidating against peers, as market participants awaited U.S. inflation data to assess the prospects of interest rate cuts this year.

After a softer-than-expected U.S. payrolls report for April and a Federal Reserve policy announcement, expectations have increased for rate reductions this year.

The dollar index, which measures the greenback against a basket of currencies, was mostly flat at 105.34, following its first weekly gain last week after two successive weeks of decline.

The euro was unchanged at \$1.0769 as the euro zone prepares for an inflation reading of its own on Friday.

Sterling was firm at \$1.2517, down 0.03% on the day. Data on Friday showed Britain's economy grew in the first quarter by the most in nearly three years, ending the shallow recession it entered in the second half of last year.

The yen weakened 0.11% to 155.91. The dollar has marched up after a 3% decline at the start of the month, its steepest weekly percentage drop since early December 2022, after two suspected interventions by Japanese authorities.

China's offshore yuan held steady around its lowest in a week at 7.2352.

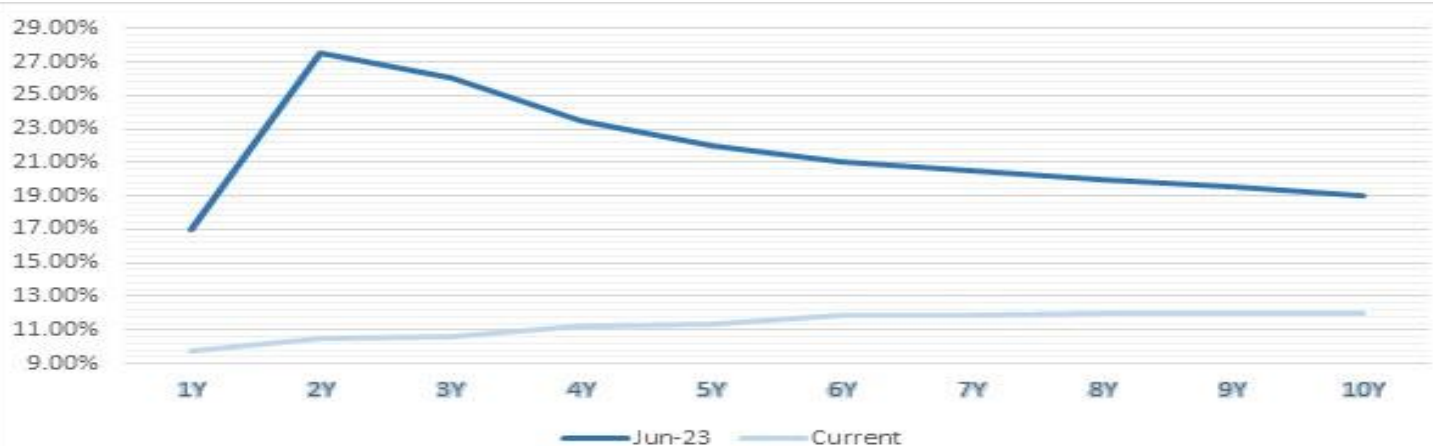
#### COMMODITIES

Gold prices edged higher on Monday, as weak U.S. employment figures boosted bets of an interest rate cut from the Federal Reserve.

Oil prices extended declines on Monday amid signs of weak fuel demand and as comments from U.S. Federal Reserve officials dampened hopes of interest rate cuts, which could slow growth and crimp fuel demand in the world's biggest economy.

# ECONOMIC INDICATORS

## Bond Curve



AWPLR %	AWDR %	T BILL%
Week ending 10/05 9.92	2024 9.66	3M 9.43
Week ago 10.15	Mar 2024 10.30	6M 9.76
Year ago 21.32	Year ago 15.12	1Y 9.90

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	181.90 Bn
Foreign holding LKR bills/bonds	77.00 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3100	5.3199	5.3220	5.2843	5.1389
EUR ESTR	3.9090	3.9050	3.7520	3.6390	3.4360
GBP SONIA	5.2000	5.2070	5.1331	5.0418	4.8595

## TREASURY DIVISION Level-11

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