

TREASURY COMMENTARY – 15th May 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 297.00 and 305.00. The rupee has appreciated by approximately 7.12% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 14.05.2024

Cash	2.30
Tom	-
Spot	2.50
Forward	6.10

MONEY

Overnight call-money traded at 8.65% on Tuesday (14.05.2024). Net market liquidity was a surplus of Rs 173.63 Bn on Tuesday from a surplus of Rs 165.30 Bn on Monday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar traded near a one-month low versus the euro in Asian Trading on Wednesday amid lower Treasury yields as traders braced for a key U.S. inflation report later in the day that could dictate the path of Federal Reserve policy.

The yen languished near a two-week low, as a still-gaping yield gap between local bonds and U.S. peers continued to encourage selling of the Japanese currency.

The euro edged down 0.04% to \$1.0814 in early Asian trading hours, but remained close to the overnight high of \$1.09255, a level last seen on April 10.

The U.S. dollar index which measures the currency against six top rivals, but is heavily weighted towards the euro - was flat at 105.04 after a drop to a 1 1/2-week low of 104.95 on Tuesday.

Despite broad dollar weakness overnight against the majority of its peers, it continued to climb against the yen. The dollar added 0.06% to 156.535 yen on Wednesday, after pushing as high as 156.80 overnight.

The dollar stood at 7.2409 yuan in offshore trading, after sliding to the lowest since May 1 at 7.2460 overnight.

Elsewhere, the Australian dollar rose to a one-week high of \$0.6630 on Wednesday, while the New Zealand dollar climbed to a more than one-month peak of \$0.6051.

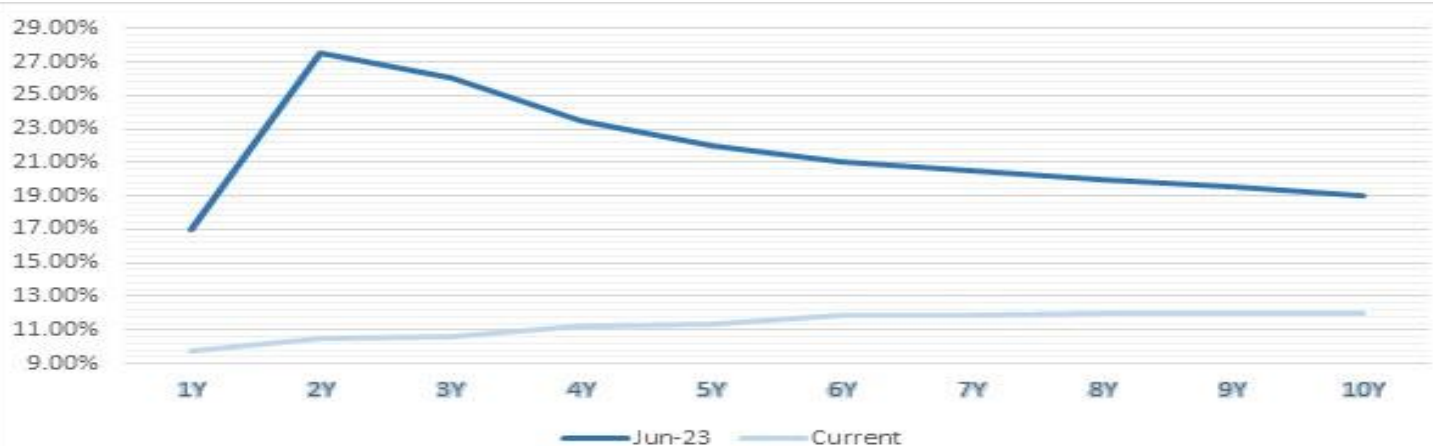
COMMODITIES

Gold prices inched down on Wednesday ahead of a key U.S. inflation data that could offer insight into the Federal Reserve's interest rate trajectory.

Oil prices rose in early trade on Wednesday as large wildfires were threatening Canada's oil sands and as the market expected U.S. crude oil and gasoline inventories to show a drawdown later in the day.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 10/05 **9.92**
 Week ago 10.15
 Year ago 21.32

AWDR %
 Apr **2024** 9.66
 Mar **2024** 10.30
 Year ago 15.12

T BILL%
 3M 9.43
 6M 9.76
 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) – APR 24"	5.438 Bn
CBSL T-bill/bond holding	2,655.62 Bn
Market liquidity	173.63 Bn
Foreign holding LKR bills/bonds	77.00 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3100	5.3196	5.3267	5.2936	5.1582
EUR ESTR	3.9070	3.8760	3.7450	3.6350	3.4330
GBP SONIA	5.2000	5.2078	5.1258	5.0380	4.8773

TREASURY DIVISION Level-11

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