

TREASURY COMMENTARY – 21st May 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 295.50 and 303.50. The rupee has appreciated by approximately 7.59% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 20.05.2024

Cash	16.85
Tom	1.75
Spot	17.9
Forward	20.0

MONEY

Overnight call-money traded at 8.64% on Monday (20.05.2024). Net market liquidity was a surplus of Rs 134.53 Bn on Monday from a surplus of Rs 151.61 Bn on Friday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar was firm in Asian trading on Tuesday while the yen struggled on the weaker side of the 156 level, though trade was mostly rangebound as investors generally stuck to their views of the expected timing and extent of Federal Reserve rate cuts this year.

Against the yen, the dollar rose 0.07% to 156.37 in the early Asian session.

The yen has traded in a tight range over the past few sessions as fears of further intervention from Japanese authorities deterred traders from pushing the currency to new lows. However, the still-stark interest rate differentials between the U.S. and Japan maintained the appeal of the yen as a funding currency.

Elsewhere, the euro edged 0.03% higher to \$1.0860, while sterling similarly tacked on 0.03% to \$1.27095.

With little on the U.S. economic data calendar this week to guide the direction of currency moves, focus turns to a slew of Fed speakers for clues on the U.S. rate outlook and how soon an easing cycle could begin.

The New Zealand dollar was little changed at \$0.6107, while the Aussie ticked 0.1% higher to \$0.6674, ahead of minutes of the Reserve Bank of Australia's May meeting due later on Tuesday.

Against a basket of currencies, the dollar steadied at 104.61.

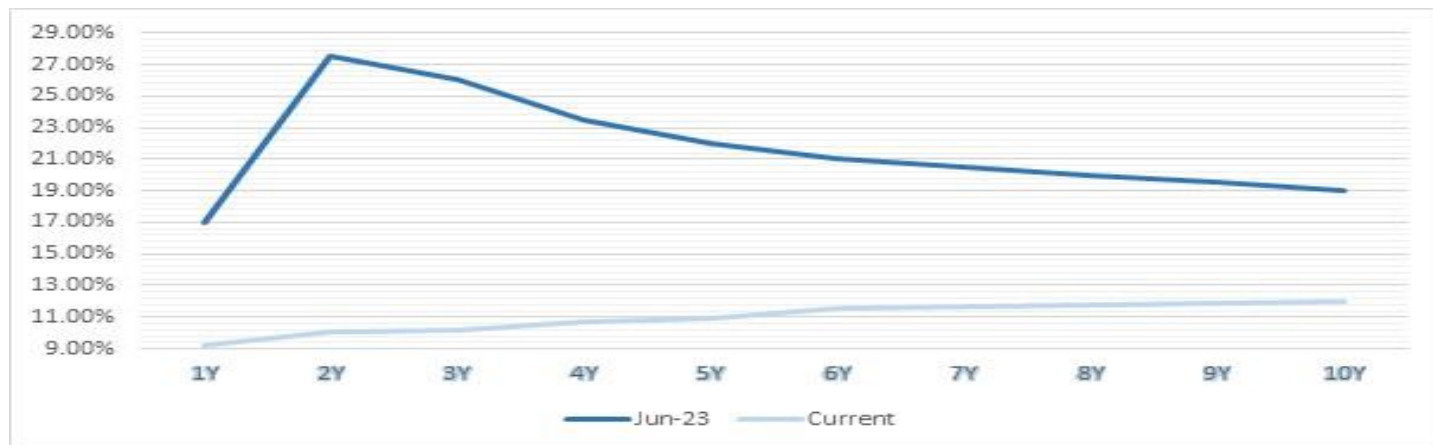
COMMODITIES

Gold prices inched up on Tuesday, hovering near a record peak hit in the previous session as recent economic data boosted bets that the U.S. Federal Reserve would start cutting interest rates later this year.

Oil prices fell in early Asian trade on Tuesday, with investors anticipating higher-for-longer U.S. inflation and interest rates will depress consumer and industrial demand.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 17/05 **9.65**
 Week ago 9.92
 Year ago 20.34

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

T BILL%
 3M 9.04
 6M 9.43
 1Y 9.57

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	134.53 Bn
Foreign holding LKR bills/bonds	75.85 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3100	5.3205	5.3267	5.2877	5.1394
EUR ESTR	3.9070	3.8410	3.7230	3.6190	3.4210
GBP SONIA	5.2000	5.2060	5.1147	5.0354	4.8845

TREASURY DIVISION Level-11

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