

TREASURY COMMENTARY – 28th May 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 296.00 and 304.00. The rupee has appreciated by approximately 7.43% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 27.05.2024

Cash	-
Tom	4.75
Spot	15.90
Forward	6.10

MONEY

Overnight call-money traded at 8.65% on Monday (27.05.2024). Net market liquidity was a surplus of Rs 182.38 Bn on Monday from a surplus of Rs 194.38 Bn on Wednesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar waned in Asian Trading on Tuesday following a slight pick up in risk appetite, but it held tight ranges against its peers ahead of key inflation data from major economies this week that markets are looking for guidance on the global interest rate outlook.

Currency moves were largely subdued in early Asian hours after a quiet overnight session due to holidays in Britain and the United States, but the overall mood was positive with world shares firming.

The euro was a touch firmer at \$1.0860 despite some dovish comments from European Central Bank (ECB) policymakers on Monday and data showing German business morale stagnated in May.

Sterling held near an over two-month high and last bought \$1.2774, while the New Zealand dollar inched up nearly 0.1% to peak at \$0.6155, its strongest level since mid-March.

Down Under, the Aussie edged 0.03% higher to \$0.6657, with the country's monthly consumer price index data also due on Wednesday.

Against a basket of currencies, the dollar dipped 0.01% to 104.55.

Elsewhere, the yen languished near the 157 per dollar level and last stood at 156.87 per dollar, though it was on track for its first monthly gain for 2024, helped by suspected intervention from Japanese authorities towards the end of April and start of May.

The Indian rupee is expected to open little changed on Tuesday, taking direction from speculative and other flows after failing to pierce past an important handle in previous sessions.

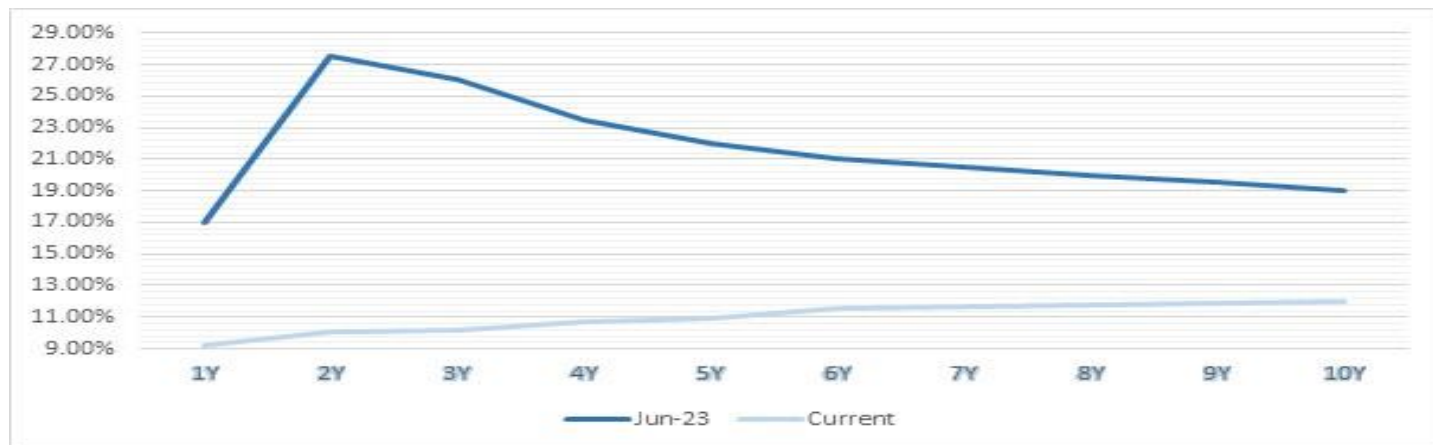
COMMODITIES

Gold prices were steady on Tuesday, as investors maintained a cautious stance ahead of key U.S. inflation data, which could provide more insight into the Federal Reserve's policy trajectory.

Oil prices were steady in early Asian trading on Tuesday as investors awaited inflation data to assess future U.S. monetary policy and the production policy decisions from the OPEC+ meeting on June 2.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 22/05 **9.68**
 Week ago 9.65
 Year ago 21.28

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

T BILL%
 3M 8.76
 6M 9.17
 1Y 9.29

INFLATION (%) (Base:2021=100)	Feb 2024	Mar 2024	Apr 2024	Year ago
NCPI (YoY)	5.1	2.5	2.7	33.6
NCPI (core)	2.7	3.4	-	31.8
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	2,635.62 Bn
Market liquidity	182.38 Bn
Foreign holding LKR bills/bonds	74.51 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3100	5.3278	5.3429	5.3163	5.2002
EUR ESTR	3.9040	3.7940	3.7210	3.6400	3.4930
GBP SONIA	5.2000	5.2079	5.1979	5.1650	5.0590

TREASURY DIVISION Level-11

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