

TREASURY COMMENTARY – 31st May 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 297.75 and 305.75. The rupee has appreciated by approximately 6.89% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 30.05.2024

Cash	1.65
Tom	1.00
Spot	20.95
Forward	20.00

MONEY

Overnight call-money traded at 8.66% on Thursday (30.05.2024). Net market liquidity was a surplus of Rs 200.70 Bn on Thursday from a surplus of Rs 189.74 Bn on Wednesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar was recovering against peer currencies in Asian Trading on Friday after a downward revision to U.S. GDP for the first quarter suggested room for rate cuts this year, while investors braced for inflation data.

The dollar index, which measures the currency against six major peers, consolidated around 104.82 after dipping as low as 104.63 overnight.

Against the greenback, the yen held around 156.72, remaining off Wednesday's four-week low of 157.715 per dollar.

The yen has steadily marched closer toward the 34-year trough of 160.245 from a month ago, a level which market players suspect triggered two rounds of dollar-selling intervention by Tokyo.

The offshore Chinese yuan was up 0.08% versus the greenback to 7.2490 as traders digested an official factory survey that showed China's manufacturing activity fell in May.

Elsewhere, the euro edged down 0.1% to \$1.082225 after touching a two-week low of \$1.07885 overnight.

Sterling was last trading at \$1.2725, down 0.06% on the day, after reaching \$1.2801 on Tuesday for the first time since March 21.

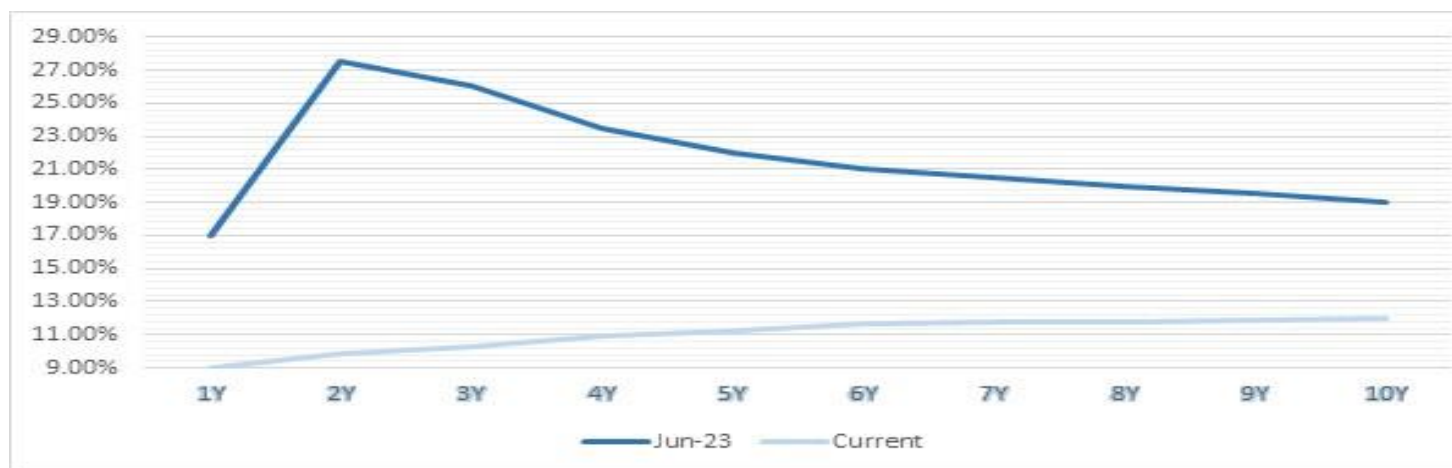
COMMODITIES

Gold prices edged up on Friday and were on track for a fourth straight monthly gain, while investors awaited a key U.S. inflation reading that could provide further insights into the Federal Reserve's policy path.

Oil prices fell early on Friday as investors responded to comments from U.S. Fed officials who said it was too soon to start considering rate cuts, and following a surprise build in U.S. gasoline stocks that weighed on the market.

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 8.62
 6M 9.04
 1Y 9.18

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	3.0	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	200.70 Bn
Foreign holding LKR bills/bonds	74.51 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3300	5.3292	5.3461	5.3257	5.2280
EUR ESTR	3.9040	3.7760	3.7030	3.6210	3.4710
GBP SONIA	5.2000	5.2064	5.1968	5.1659	5.0765

TREASURY DIVISION Level-11

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