

TREASURY COMMENTARY – 11th June 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 299.00 and 307.00. The rupee has appreciated by approximately 6.51% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 10.06.2024

Cash	6.95
Tom	-
Spot	15.30
Forward	2.00

MONEY

Overnight call-money traded at 8.67% on Monday (10.06.2024). Net market liquidity was a surplus of Rs 162.70 Bn on Monday from a surplus of Rs 145.55 Bn on Friday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar hovered near a one-month peak against the euro and pushed to a one-week high versus the yen in Asian Trading on Tuesday as traders braced for crucial U.S. inflation data and fresh Federal Reserve interest rate forecasts the following day.

The dollar added 0.13% to stand at 157.25 yen early in the Asian day, the highest since June 3.

The euro was last down 0.4% against the dollar at \$1.076 and got as low as \$1.0733, its lowest since May 9. It also fell 0.4% on sterling to a near two-year low of 84.52 pence, and was last down 0.4% on the Swiss franc at a seven-week low of 0.9648 francs.

The U.S. dollar index, which measures the currency against the euro, yen and four other major peers, was little changed at 105.16, after reaching 105.39 on Monday for the first time since May 14.

The dollar was last up 0.25% on the Japanese currency at 157.08 yen, the highest in a week.

The Indian rupee is expected to open flat on Tuesday amidst weakness in Asian peers on one hand and a central bank that does not want the currency to fall to an all-time low on the other.

China's yuan fell to a near seven-month low against the U.S. dollar on Tuesday, as investors returned from a long weekend break to play catch-up with broad greenback strength in overseas markets.

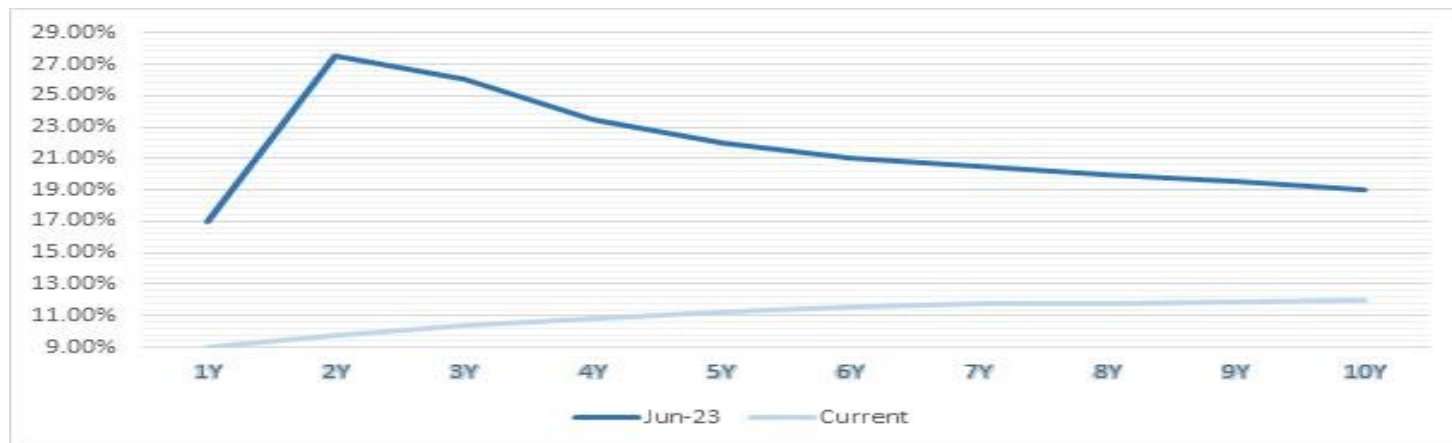
COMMODITIES

Gold prices rebounded on Monday after the precious metal's biggest daily drop in three and a half years in the last session, as investors awaited U.S. inflation data and the Federal Reserve's decision on interest rates later this week.

Oil prices rose on Tuesday, extending the previous day's rally on hopes of higher seasonal fuel demand and potential U.S. crude purchases for its petroleum reserve, though gains were capped by a firmer dollar.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 07/06 **9.28**
 Week ago 9.36
 Year ago 20.73

AWDR %
 May **2024** 9.05
 Apr **2024** 9.66
 Year ago 15.23

T BILL%
 3M 8.70
 6M 9.05
 1Y 9.27

INFLATION (%) (Base:2021=100)	Mar 2024	Apr 2024	May 2024	Year ago
NCPI (YoY)	2.5	2.7	-	33.6
NCPI (core)	3.4	3.0	-	31.8
CCPI(YoY)	0.9	1.5	0.9	25.2
CCPI (core)	3.1	3.4	3.5	20.30

CBSL reserves (USD) – May 24"	5.421 Bn
CBSL T-bill/bond holding	2,615.62 Bn
Market liquidity	162.70 Bn
Foreign holding LKR bills/bonds	67.83 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3300	5.3291	5.3432	5.3014	5.1397
EUR ESTR	3.6970	3.6740	3.6720	3.6080	3.4550
GBP SONIA	5.2000	5.2003	5.1824	5.1440	5.0385

TREASURY DIVISION Level-11

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