

TREASURY COMMENTARY – 12th June 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 299.50 and 307.50. The rupee has appreciated by approximately 6.35% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 11.06.2024

Cash	2.00
Tom	-
Spot	21.25
Forward	11.60

MONEY

Overnight call-money traded at 8.70% on Tuesday (11.06.2024). Net market liquidity was a surplus of Rs 157.75 Bn on Tuesday from a surplus of Rs 162.70 Bn on Monday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar steadied in Asian Trading on Wednesday after hitting a four-week high against peer currencies overnight as market players awaited key U.S. inflation data and the Federal Reserve's updated interest rate projections due later in the day.

The dollar index, which measures the greenback against a handful of other major peers, was little changed at 105.26, after touching its strongest level since May 14 at 105.46 overnight.

The euro was flat at \$1.0740, keeping off Tuesday low of \$1.07195, which was its weakest level since May 2.

Sterling was unchanged at \$1.27395. UK gross domestic production figures for April are due later on Wednesday.

The dollar held the yen pinned at 157.06, although the currency pair remained off the one-week high of 157.40 touched the previous day while offshore Chinese yuan firmed slightly versus the greenback to 7.2697.

The Aussie inched up 0.1% to \$0.6613, having barely moved over the previous 24 hours. Support lies at the week's low of \$0.6576, with resistance at \$0.6615 and \$0.6681.

The kiwi dollar was a fraction firmer at \$0.6142, having crept up from a low of \$0.6100 at the start of the week. Resistance is up at the recent three-month top of \$0.6215.

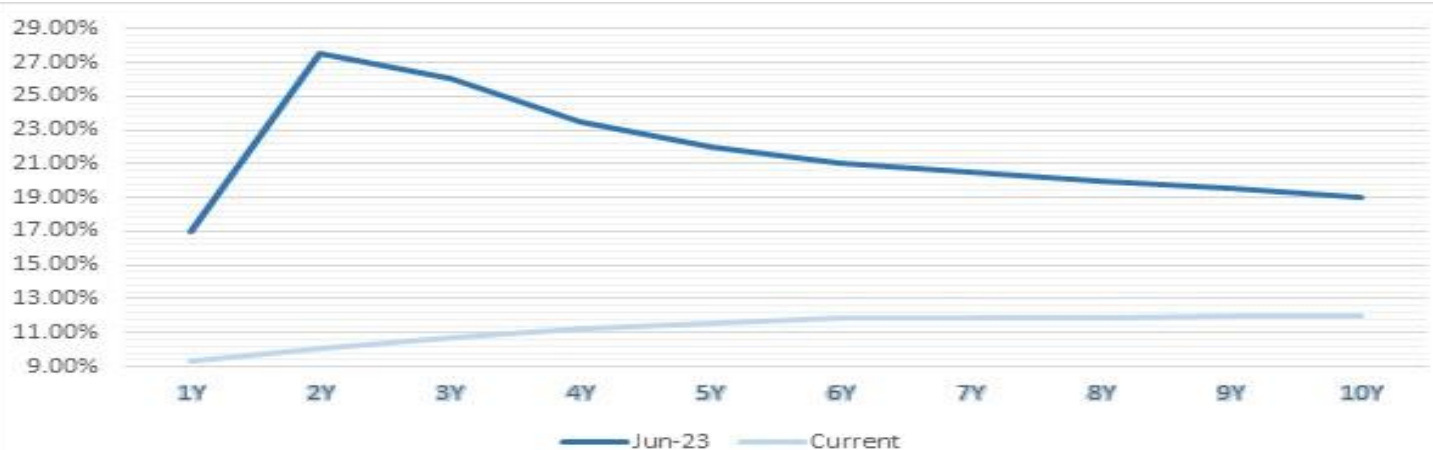
COMMODITIES

Gold prices edged lower on Wednesday, weighed down by a stronger dollar, as investors awaited key U.S. inflation data and the Federal Reserve's updated interest rate projections due later in the day.

Oil prices ticked higher on Wednesday on upbeat global demand views from the U.S. Energy Information Administration and OPEC.

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	157.75 Bn
Foreign holding LKR bills/bonds	67.83 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3200	5.3308	5.3468	5.3125	5.1588
EUR ESTR	3.6630	3.6650	3.6680	3.6100	3.4690
GBP SONIA	5.2000	5.2007	5.1771	5.1339	5.0235

TREASURY DIVISION Level-11

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