

TREASURY COMMENTARY – 10th July 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 09.07.2024

Cash	13.10
Tom	0.50
Spot	29.15
Forward	20.25

MONEY

Overnight call-money traded at 8.72% on Tuesday (09.07.2024). Net market liquidity was a surplus of Rs 58.59 Bn on Tuesday from a surplus of Rs 125.39 Bn on Monday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar was on the front foot in Asian Trading on Wednesday having rebounded from a three-week low after Federal Reserve Chair Jerome Powell struck a cautious tone on how soon interest rate cuts would come.

The New Zealand dollar edged higher ahead of the central bank's rate decision, with traders on alert for any signals on the timing for policy easing. New Zealand's kiwi added 0.1% to \$0.6131, but staying mostly flat this week after pulling back sharply from Monday's three-week high of \$0.6171.

The dollar index, which measures the U.S. currency against six major peers including the euro and yen, was flat at 105.11 early in the Asian day, after rising about 0.1% on Tuesday.

The dollar rose 0.07% to 161.41 yen. The dollar strengthened 0.29% to 161.28 Japanese yen. It is holding below a 38-year high of 161.96 reached last week.

The euro dipped after Monday's sharp swings as investors came to terms with a hung parliament in France, which points to a potential political gridlock but lessens fiscal concerns stemming from outright far-right or leftist victories. The single currency was last down 0.11% at \$1.081. It reached \$1.0845 on Monday, the highest since June 12.

Australia's dollar was little changed at \$0.6739, staying close to Monday's six-month peak of \$0.67615.

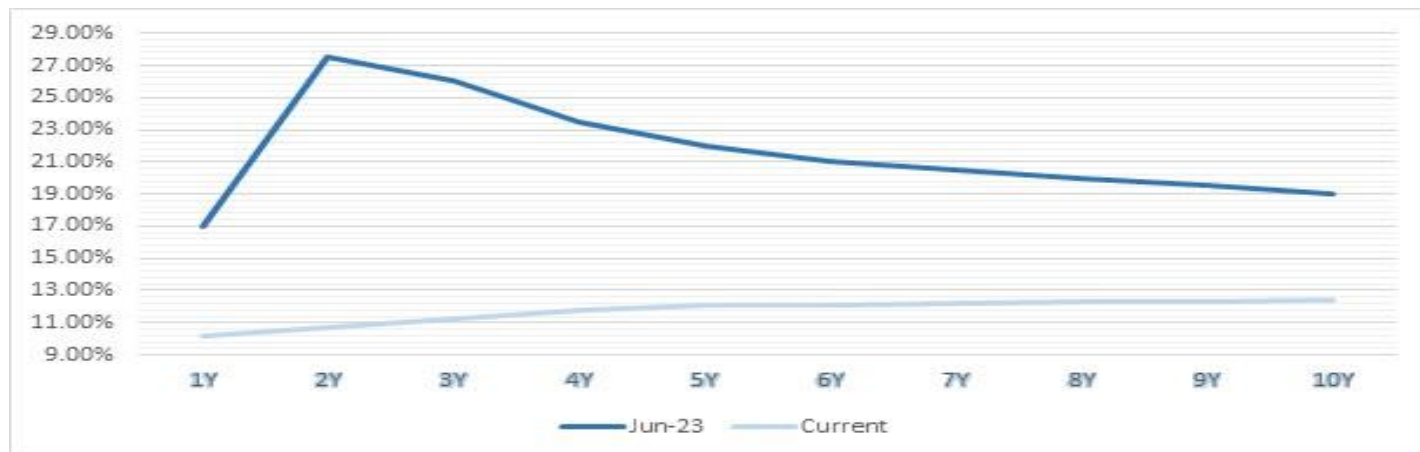
COMMODITIES

Gold prices held steady on Wednesday, with investors looking towards key U.S. inflation data that could shed more light on the Federal Reserve's interest rates trajectory.

Oil prices eased more than 1% on Tuesday after traders learned that prolonged supply disruptions from Hurricane Beryl were unlikely after a U.S. oil-producing hub in Texas suffered less storm damage than feared.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 05/07 **9.04**
 Week ago 8.78
 Year ago 19.17

AWDR %
 Jun **2024** 8.38
 May **2024** 9.05
 Year ago 15.09

T BILL%
 3M 10.07
 6M 10.19
 1Y 10.31

INFLATION (%) (Base:2021=100)	Apr 2024	May 2024	Jun 2024	Year ago
NCPI (YoY)	2.7	1.6	-	22.10
NCPI (core)	3.0	3.1	-	21.60
CCPI(YoY)	1.5	0.9	1.7	12.0
CCPI (core)	3.4	3.5	4.4	9.80

CBSL reserves (USD) – June 24"	5.642 Bn
CBSL T-bill/bond holding	2,595.62 Bn
Market liquidity	58.59 Bn
Foreign holding LKR bills/bonds	53.07 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3200	5.3264	5.3040	5.2085	4.9559
EUR ESTR	3.6630	3.6610	3.6250	3.5240	3.3320
GBP SONIA	5.2000	5.1699	5.0950	5.0144	4.8401

TREASURY DIVISION Level-11

Tel: FX: 2664843-6 (Vajira/Chaaminda/Manjuli/Madhushani/Anjula/Chandike)
 Interest Rates: 2664850-3 (Vajira/Sanka/Pasan/Manjuli/Anjula)
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