

TREASURY COMMENTARY – 11th July 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 10.07.2024

Cash	0.40
Tom	7.30
Spot	8.80
Forward	16.50

MONEY

Overnight call-money traded at 8.75% on Wednesday (10.07.2024). Net market liquidity was a surplus of Rs 110.55 Bn on Wednesday from a surplus of Rs 58.59 Bn on Tuesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar fell a touch in Asian Trading on Thursday although moves were largely subdued ahead of a U.S. inflation report due later in the day, while sterling firmed on receding expectations for an August rate cut from the Bank of England (BoE).

The British pound rose to a one-month high of \$1.28545 in early Asia trade, extending a 0.48% gain from the previous session after comments from BoE policymakers caused markets to scale back bets for an easing cycle to begin next month.

Against the greenback, the euro gained 0.04% to \$1.0834. The dollar was little changed at 104.95 against a basket of currencies.

The yen continued to be weighed down by stark interest rate differentials between the U.S. and Japan, and last stood at 161.54 per dollar, near a 38-year low.

Elsewhere, the New Zealand dollar rose 0.11% to \$0.60885, nursing some of its losses from the previous session, when it fell 0.7% in the wake of the Reserve Bank of New Zealand's dovish tilt in its monetary policy statement.

Against the greenback, the Australian dollar was 0.1% higher at \$0.6752, with resistance at the \$0.6762.

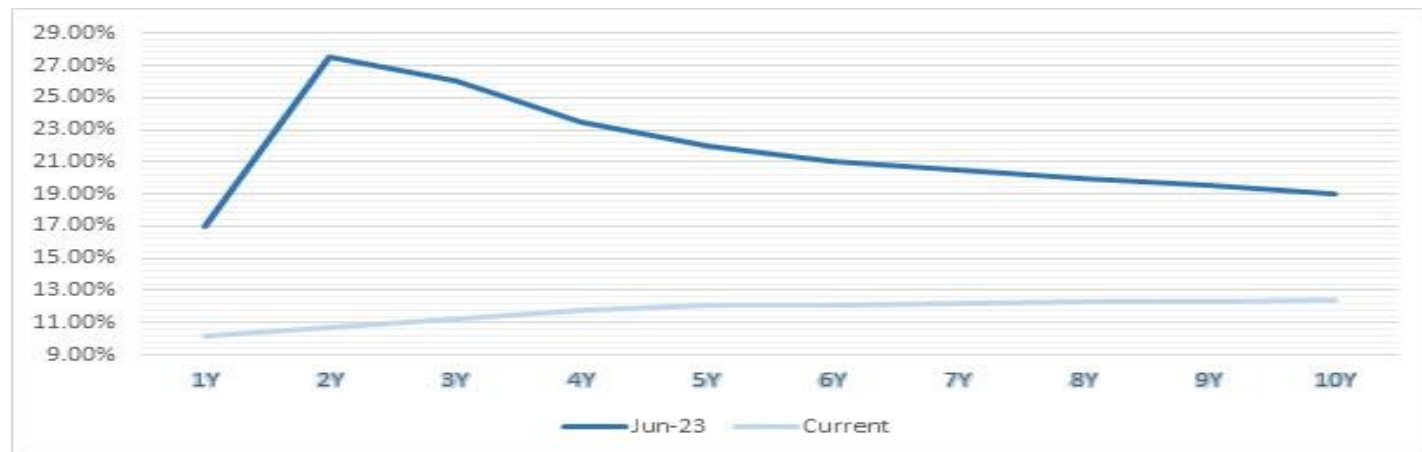
COMMODITIES

Gold prices held steady on Thursday, with investors awaiting U.S. inflation data due later in the day for more insights on the Federal Reserve's interest rate path.

Oil prices edged higher on Thursday as crude stocks fell after U.S. refineries ramped up processing and as gasoline inventories eased, signalling stronger demand.

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 9.91
 6M 10.10
 1Y 10.21

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	110.55 Bn
Foreign holding LKR bills/bonds	53.07 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3400	5.3287	5.3041	5.2139	4.9590
EUR ESTR	3.6630	3.6610	3.6250	3.5230	3.3350
GBP SONIA	5.2000	5.1573	5.0876	5.0002	4.8208

TREASURY DIVISION Level-11

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