

TREASURY COMMENTARY – 02nd July 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 300.75 and 308.75. The rupee has appreciated by approximately 5.97% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 01.07.2024

Cash	10.10
Tom	1.50
Spot	27.60
Forward	19.60

MONEY

Overnight call-money traded at 8.78% on Monday (01.07.2024). Net market liquidity was a surplus of Rs 90.99 Bn on Monday from a surplus of Rs 120.39 Bn on Friday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The U.S. dollar surged to a fresh 38-year peak against the yen in Asian Trading on Monday, as Treasury yields on the long end rose sharply, keeping investors on heightened alert for intervention from Japanese authorities to bolster the country's currency.

In afternoon trading, the dollar soared to 161.72 yen, its strongest level since 1986. It was last up 0.4% at 161.48 yen. The yen has fallen more than 12% this year. The yen's fall pushed the euro to a 32-year high of 173.68 yen.

As the dollar rose, the euro handed back part of a small rally as the first round of France's election turned out more or less in line with polling. The single currency last bought \$1.0735. The euro was also higher against the dollar, up 0.2% at \$1.0736.

The New Zealand dollar slipped 0.3% in early trade and at \$0.6075 was testing support at its 200-day moving average. Sterling was steady at \$1.2641.

The Australian dollar hovered within its recent range at \$0.6650 with traders focused on central bank minutes to gauge how seriously policymakers are considering interest rate hikes.

The dollar index was last up 0.1% at 105.84. Against the dollar, sterling was flat at \$1.2643

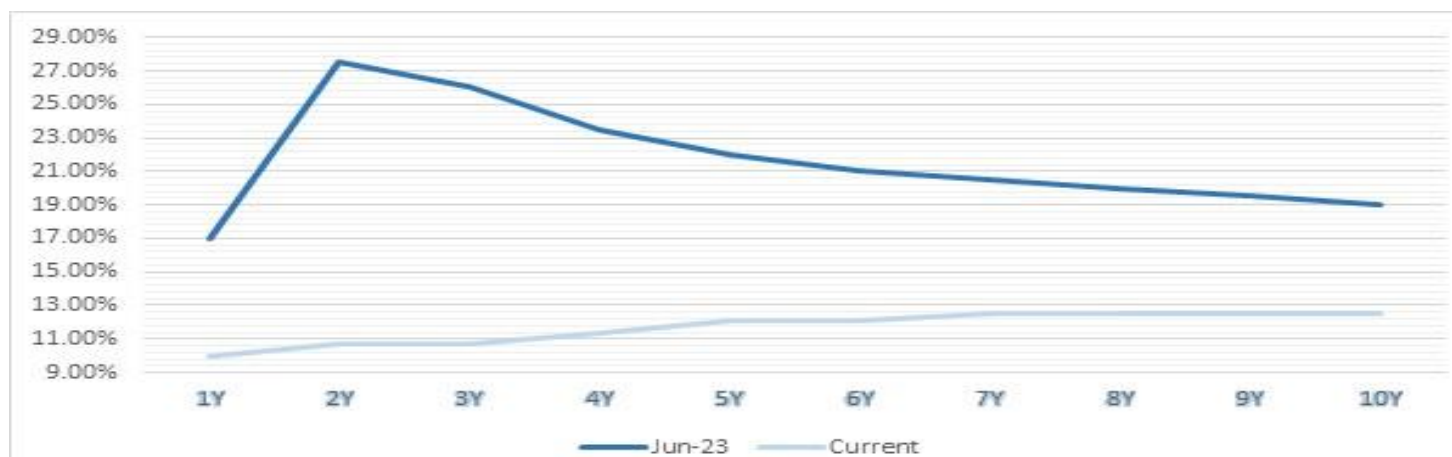
COMMODITIES

Gold prices were little changed on Tuesday as investors awaited comments from Federal Reserve Chair Jerome Powell and jobs data for further cues about the U.S. interest rate outlook.

Oil prices were little changed on Tuesday, holding near the two-month highs reached in the previous session, on expectations for rising fuel demand from the summer travel season and possible U.S. interest rate cuts that could boost economic growth.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 28/06 **8.78**
 Week ago 9.09
 Year ago 19.47

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) – May 24"	5.410 Bn
CBSL T-bill/bond holding	2,595.62 Bn
Market liquidity	90.99 Bn
Foreign holding LKR bills/bonds	62.05 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3300	5.3342	5.3209	5.2481	5.0258
EUR ESTR	3.6620	3.6580	3.6310	3.5310	3.3270
GBP SONIA	5.2000	5.2118	5.1226	5.0541	4.9005

TREASURY DIVISION Level-11

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