

## TREASURY COMMENTARY – 05<sup>th</sup> July 2024

### DOMESTIC MARKET

#### USD/LKR

The USD/LKR market is active and is trading around the level of 300.25 and 308.25. The rupee has appreciated by approximately 6.12% against the USD from the beginning of the year.

#### USD/LKR Market Volume (USD Mn) on 04.07.2024

Cash	-
Tom	7.0
Spot	11.5
Forward	6.5

#### MONEY

Overnight call-money traded at 8.76% on Thursday (04.07.2024). Net market liquidity was a surplus of Rs 120.76 Bn on Thursday from a surplus of Rs 95.41 Bn on Wednesday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

The U.S. dollar was hovering near three-week lows in Asian trading on Friday ahead of payrolls data that will likely influence the outlook for rates, while the pound was firm as the Labour party looked set to win a massive majority in the UK general election.

Sterling was last at \$1.27575, little changed in early trading and not far off a three-week high of \$1.27765 touched on Wednesday.

The euro was little changed at \$1.0816 as traders refrained from making major bets with France gearing up for the run-off election on Sunday. Polls suggest the far-right National Rally (RN) is likely to fall short of a majority. The single currency, which has been under pressure since French elections were called in June, is up nearly 1% for the week and on track for its strongest weekly performance of the year.

The dollar index, which measures the U.S. currency against six rivals, was down 0.1% at 105.05, close to its lowest point since mid-June.

The yen was 0.16% higher, up for a second straight day - something that hasn't happened since the start of June. It last fetched \$161.095 per dollar, crawling slowly away from the 38-year low of 161.96 on Wednesday.

In other currencies, the Australian dollar rose 0.16% to \$0.6736, hovering near six-month highs, while the New Zealand dollar stood at \$0.6121.

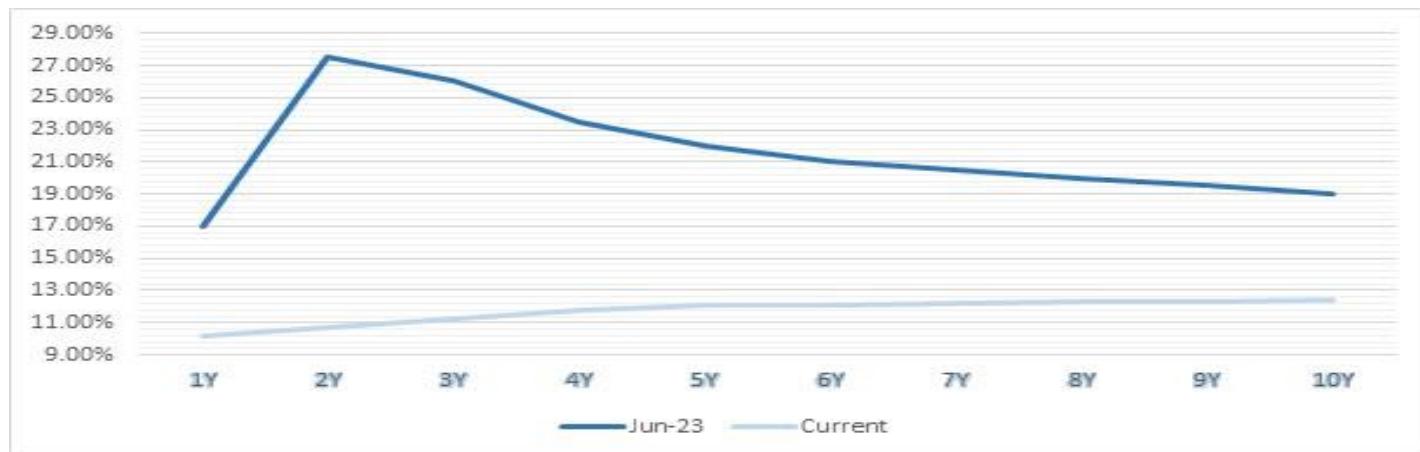
#### COMMODITIES

Gold prices edged up on Friday and were set for a second straight weekly gain, while traders awaited U.S. employment data to gauge the trajectory of the Federal Reserve's potential interest rate cuts.

Oil prices were little changed in Asian trade on Friday but were on track for a fourth straight week of gains and holding near their highest levels since late April on hopes of strong summer fuel demand and some supply concerns.

# 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	120.76 Bn
Foreign holding LKR bills/bonds	62.05 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3500	5.3321	5.3142	5.2369	5.0203
EUR ESTR	3.6630	3.6600	3.6320	3.5410	3.3550
GBP SONIA	5.2000	5.1929	5.1110	5.0367	4.8803

## TREASURY DIVISION Level-11

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