

## 19<sup>th</sup> May 2026

## TREASURY

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### FINANCIAL MARKET UPDATE IN BRIEF

The USD/LKR is expected to trade in a range of 328.00 to 338.00 on Tuesday. Market is volatile within this range, with both demand & supply forces presenting challenges to the market direction.

Sri Lanka's Colombo Stock Exchange closed down on Monday. The All-Share Price Index closed down 2.59 percent, or 592.28 points, at 22,313.47, while the S&P SL20 closed down 1.95 percent or 122.26 points at 6,161.98. Market turnover was 4.89 billion rupees.

#### 19.05.2026 Indicative Market levels

	Buying	Selling
USD	328.00	338.00
EUR	380.27	395.24
GBP	438.22	454.96
JPY	2.0565	2.1326
SGD	252.32	268.26
AUD	230.86	244.66

#### Traded USD Volumes as at 18.05.2026

Cash	15.00
Tom	05.00
Spot	34.75
FWD	21.50

### TREASURY BILL/BOND MARKET

Indicative T-bond rates closing levels were as follows.

15/12/2026	08.40%-08.50%
15/03/2028	09.45%-09.55%
15/09/2029	09.95%-10.05%

#### Treasury Bill Market (Weighted Average Rates)

	This Week 13.05.2026	Last Week 06.05.2026
91 days	08.13%	08.20%
182 days	08.23%	08.24%
364 days	08.49%	08.52%

LKR Bio	Foreign Holding 14.05.2026	Foreign Holding 01.01.2026	Net Flow (YTD)
T-Bills & T-Bonds	138.00	141.36	(3.36)

### MONEY MARKET AT A GLANCE

As of 18.05.2026 (in LKR Bn)	
Overnight Market Liquidity	183.53
Term Liquidity	-
<b>Overall Market Liquidity</b>	<b>183.53</b>

Net of Overnight SDF and SLF	108.53
Net of Overnight Repo / (Rev Repo)	75.00
Overnight Liquidity Support Facility	-
Net of Term Repo / (Rev Repo)	-
Term Liquidity Support Facility	-
Overnight Call Money Rates	7.70% - 7.84%
Overnight Repurchase Rates	7.81% - 7.91%

### ECONOMIC INDICATORS

AWPLR as at 15.05.2026	9.71%
Inflation (YoY – April 2026 - CCPI)	5.40%
Inflation (YoY– March 2026 - NCPI)	2.40%
Official Reserves Assets (end April 2026)	US\$ 6,759 Mn
GDP Quarterly growth rate (2025 – Q4)	4.80%

Unemployment Rate (2025 – Q4)	3.80%
Per Capita GDP-2024	US\$ 3,830
Statutory Reserve Ratio (SRR)	2.00%
Trade Balance (Jan – March - 2026)	(US\$ 2,310.3 Mn)
Total Outstanding Government Debt (End Dec 2025)	29,994.69Bn

## INTERNATIONAL MARKETS

**The US Dollar Index (DXY)** hovered near 99 on Tuesday after retreating in the prior session, as optimism over a possible US Iran agreement eased inflation concerns and reduced safe haven demand. President Donald Trump said he suspended a planned strike on Iran after appeals from Gulf allies, noting they believed a deal acceptable to Washington remained possible. Before Monday's pullback, the dollar had strengthened on soaring oil prices from the Middle East conflict and rising US inflation, leading traders to dismiss any chance of Federal Reserve rate cuts this year while increasing bets on a potential hike before year-end. Investors now await FOMC minutes and flash US PMI data for further policy and economic signals.

**The EUR/USD** climbed to \$1.165 on Monday, recovering slightly from a one month low of \$1.161 earlier in the session, supported by renewed optimism over a Middle East resolution. Reports suggested the US proposed a temporary waiver on Iran oil sanctions, with Tehran open to a long term nuclear freeze but unwilling to dismantle its atomic program. Last week, the euro fell more than 1% against the dollar as the Iran war's economic fallout and expectations of faster ECB rate hikes weighed on growth. Eurozone GDP slowed to 0.1% in Q1 2026, the weakest since mid-2025, while inflation surged to 3% in April, above the ECB's 2% target. Markets now price in three ECB hikes by year-end, with a 90% chance of the first in June.

**The GBP/USD** \$1.34 on Monday after a turbulent week in which sterling dropped over 2%, its steepest weekly fall since November 2024. The recovery followed reports that the US proposed a temporary waiver on Iran oil sanctions, with Tehran open to a long term nuclear freeze but unwilling to dismantle its atomic program. Despite the bounce, sterling remains under pressure from political uncertainty, as investors weigh the possibility of Andy Burnham entering the leadership race to challenge Prime Minister Keir Starmer, a scenario viewed as less market friendly by bond investors. Markets are currently pricing in nearly three Bank of England rate hikes this year.

**The AUD/USD** slipped to around \$0.71 on Tuesday, reversing gains from the prior session after the Reserve Bank of Australia warned that the Middle East conflict could intensify inflationary pressures and weaken growth. RBA Assistant Governor Sarah Hunter cautioned that persistently high inflation expectations pose a major risk, especially if energy shocks continue to filter through. She emphasized that policymakers aim to prevent expectations from becoming entrenched above target, which could require tighter policy and a sharper slowdown. On the economic front, Australia's Westpac-Melbourne Institute Consumer Sentiment Index rose 3.5% in May to 83, rebounding from April's 2½-year low of 80.1, aided by the government's temporary halving of the fuel excise tax.

**The USD/JPY** weakened toward 159 per dollar on Tuesday, marking its seventh consecutive session of declines despite stronger than expected growth data. Japan's economy expanded 0.5% quarter on quarter in Q1, accelerating from 0.2% in Q4 and beating forecasts of 0.4%, its fastest pace since Q3 2024. The figures bolstered expectations that the Bank of Japan may continue raising interest rates, though uncertainty remains as the broader impact of the Middle East conflict is not yet fully reflected. Meanwhile, the yen is edging closer to the key 160 level that previously triggered intervention in late April, keeping investors alert for another move after officials suggested there may be no limit to how often authorities can act.

### MARKET INFORMATION AS AT 19.05.2026

Currency Pair	Cross Rate	Resistance	Support
EUR/USD	<b>1.1642</b>	1.1652	1.163
USD/JPY	<b>158.94</b>	159.04	158.87
GBP/USD	<b>1.3413</b>	1.3429	1.3400
AUD/USD	<b>0.7136</b>	0.7154	0.7127
USD/SGD	<b>1.2796</b>	1.2812	1.2767
USD/INR	<b>96.37</b>	95.91	96.56

### CME SECURED OVERNIGHT OFFER RATE AS OF 18.05.2026

Tenor	USD
O/N SOFR	3.55000
01 Month	3.60264
03 Month	3.64192
06 Months	3.69405
12 Months	3.83097

## COMMODITIES

Commodities	Unit	Prices	Previous Day Prices
Gold	USD\$ per ounce	<b>4,543.89</b>	4,531.16
Oil (Brent)	USD\$ per Barrel	<b>109.93</b>	111.30
Aluminum HG	USD\$ per MT	<b>3,569.50</b>	3,563.50
Copper	USD\$ per MT	<b>13,587.50</b>	13,555.00
Cotton	USD¢ /lb	<b>83.43</b>	81.79
Sugar	USD¢ /lb	<b>14.73</b>	14.80
CBT Wheat	USD¢ /bu	<b>670.50</b>	652.25
SGX Rubber	USD\$/100 KG	<b>222.50</b>	222.20

**In the energy markets**, oil prices fell more than 2% in early Asian trade on Tuesday after U.S. President Donald Trump said he had paused a planned attack on Iran to allow for negotiations to end the war in the Middle East.

Brent futures for July delivery fell \$3.01, or 2.7%, to \$109.09 a barrel as of 0001 GMT, while U.S. West Texas Intermediate crude for June delivery fell \$1.38, or 1.3%, to \$107.28. The two benchmarks had hit their highest levels since May 5 and April 30, respectively, in the previous session.

**Gold prices** were largely steady on Tuesday, as investors took a breather after recent volatility while focusing on developments surrounding the Middle East conflict after U.S. President Donald Trump paused a planned attack against Iran. Spot gold fell 0.1% to \$4,560.39 per ounce by 0228 GMT, after hitting its lowest level since March 30 on Monday. U.S. gold futures for June delivery gained 0.1% to \$4,563.50.

### POLICY RATES

LKR Overnight Policy Rate (OPR)	7.75%
USD Fed Funds Target Range Rate	3.50% - 3.75%
EUR Marginal Lending Facility Rate*w.e.f.11/06/25	2.40%
GBP Policy Rate	3.75%
AUD Official Cash Rate	4.35%
JPY Official Cash Rate	0.75%

### ECONOMIC CALENDAR – 19.05.2026

GMT	Details
06:00	GBP - Unemployment Rate