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TREASURY

Commercial Bank of Ceylon PLC – Treasury Department

Tel: 2486359/2486344/2486345 | Email: treasury@combank.net | Web: www.combank.lk

FINANCIAL MARKET UPDATE IN BRIEF

The USD/LKR is expected to trade in a range of 335.50 to 344.50 on Wednesday. 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 Tuesday after maintaining green for most of the day. The All-Share Price Index closed down 0.07 percent, or 15.40 points, at 22,298.07, while the S&P SL20 closed down 0.21 percent or 13.21 points at 6,148.77. Market turnover was 2.32 billion rupees.

20.05.2026 Indicative Market levels

	Buying	Selling
USD	335.50	344.50
EUR	387.50	401.34
GBP	447.54	462.99
JPY	2.1033	2.1733
SGD	257.69	272.99
AUD	234.98	248.18

Traded USD Volumes as at 19.05.2026

Cash	11.50
Tom	07.50
Spot	15.50
FWD	07.00

TREASURY BILL/BOND MARKET

Indicative T-bond rates closing levels were as follows.

15/12/2026	08.50%-08.65%
15/03/2028	09.80%-10.00%
15/09/2029	10.25%-10.35%

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	181.67
Term Liquidity	-
Overall Market Liquidity	181.67

Net of Overnight SDF and SLF	106.67
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	7.75% - 7.95%
Overnight Repurchase Rates	7.88% - 7.93%

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 around 99.4, holding at six week highs as escalating US Iran tensions kept inflation concerns elevated and reinforced expectations of possible Federal Reserve rate hikes. President Donald Trump warned that strikes on Iran could resume within “two or three days” if Tehran failed to accept Washington’s peace terms. The prolonged conflict has kept the Strait of Hormuz closed to shipping, driving oil prices higher and intensifying global inflationary pressures. Market sentiment has shifted away from expectations of Fed rate cuts this year toward speculation of a hike before year-end. Meanwhile, Philadelphia Fed President Anna Paulson said she favored steady borrowing costs, adding that any cuts would depend on sustained progress in lowering inflation.

The EUR/USD slipped below \$1.16, hovering near one month lows as investors braced for prolonged high energy prices from the Middle East war, raising risks of broader inflation and weaker growth. Market expectations for European Central Bank tightening have eased slightly, though traders still see an 80% chance of a 25-basis-point hike next month, with two more likely by year-end. ECB Governing Council member Martin Kocher warned that a June hike is unavoidable if the Strait of Hormuz remains closed, stressing that a prolonged conflict would materially lift eurozone inflation. Bundesbank President Joachim Nagel echoed this, noting the ECB is moving away from its baseline scenario and hinting that action may be required in June.

The GBP/USD slipped to \$1.339 as investors digested disappointing UK labour market data alongside ongoing Middle East tensions. Payrolls fell by 100,000 in April, the sharpest drop since May 2020 and far worse than forecasts of a 10,000 decline. The unemployment rate rose unexpectedly to 5% in Q1 2026, while regular wage growth slowed to 3.4%, its weakest pace since late 2020. Vacancies also fell to their lowest since 2021. These figures prompted traders to scale back expectations to just two Bank of England rate hikes by December. On the political front, leadership frontrunner Andy Burnham ruled out altering borrowing limits, easing investor concerns over looser fiscal policy that had driven last week’s UK bond selloff. Meanwhile, Prime Minister Keir Starmer vowed to remain in office even if Burnham wins the byelection, signaling a potential leadership clash within Labour.

The AUD/USD depreciated below \$0.71, extending its slide to the lowest level since mid April after the Reserve Bank of Australia’s meeting minutes failed to deliver a clear hawkish signal. The board indicated it has room to pause further hikes while remaining focused on preventing inflation expectations from drifting higher. Policymakers are weighing the cumulative impact of three cash rate increases this year alongside external risks from the Middle East conflict. A senior Commonwealth Bank economist noted that markets increasingly expect the RBA to hold rates steady in June, with investors pricing in one additional move to around 4.60%.

The USD/JPY traded near 159 per dollar on Wednesday, staying under pressure and hovering close to the critical 160 level that previously triggered intervention by Tokyo authorities in late April and early May. Officials have recently suggested there may be no limit to how often they can step into the foreign exchange market, keeping traders on alert. Stronger GDP data reinforced expectations for a near term Bank of Japan rate hike, with speculation mounting about a possible move as soon as next month following hawkish remarks from policymakers. However, the yen continues to face headwinds from the prolonged Middle East conflict, which has kept oil prices elevated and intensified inflation concerns.

MARKET INFORMATION AS AT 20.05.2026

Currency Pair	Cross Rate	Resistance	Support
EUR/USD	1.1597	1.1610	1.1583
USD/JPY	158.94	159.23	158.61
GBP/USD	1.3388	1.3409	1.3369
AUD/USD	0.7096	0.7119	0.7073
USD/SGD	1.2820	1.2855	1.2710
USD/INR	96.53	96.82	96.13

CME SECURED OVERNIGHT OFFER RATE AS OF 19.05.2026

Tenor	USD
O/N SOFR	3.53000
01 Month	3.59824
03 Month	3.64110
06 Months	3.69432
12 Months	3.82464

COMMODITIES

Commodities	Unit	Prices	Previous Day Prices
Gold	USD\$ per ounce	4,465.54	4,543.89
Oil (Brent)	USD\$ per Barrel	111.23	109.93
Aluminum HG	USD\$ per MT	3,602.50	3,569.50
Copper	USD\$ per MT	13,411.00	13,587.50
Cotton	USD¢ /lb	81.05	83.43
Sugar	USD¢ /lb	15.01	14.73
CBT Wheat	USD¢ /bu	662.00	670.50
SGX Rubber	USD\$/100 KG	219.80	222.50

In the energy markets, oil prices eased on Wednesday after U.S. President Donald Trump again asserted the war with Iran will end "very quickly", though investors remain wary about the outcome of peace talks amid continued disruptions to Middle East supply from the conflict.

Brent crude oil futures fell 45 cents, or 0.4%, to \$110.83 a barrel by 00:50 GMT, while U.S. West Texas Intermediate futures were down 27 cents, or 0.3%, to \$103.88.

Gold prices nudged lower on Wednesday, as rising Treasury yields and a firm dollar outweighed optimism over a potential U.S.-Iran peace agreement. Spot gold was down 0.3% at \$4,467.59 per ounce, as of 0233 GMT. In the previous session, bullion hit its lowest level since March 30. U.S. gold futures for June delivery lost 0.9% to \$4,471.10.

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 – 20.05.2026

GMT	Details
06:00	GBP - CPI (YoY) (Apr)
09:00	EUR - CPI (YoY) (Apr)
18:00	USD - FOMC Meeting Minutes

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