

## 08<sup>th</sup> July 2026

## TREASURY

Commercial Bank of Ceylon PLC – Treasury Department

Tel: 2486359/2486344/2486345 | Email: [treasury@combank.net](mailto:treasury@combank.net) | Web: [www.combank.lk](http://www.combank.lk)

### FINANCIAL MARKET UPDATE IN BRIEF

The USD/LKR is expected to trade in a range of 330.75 to 338.75 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. The All-Share Price Index closed down 0.54 percent, or 118.35 points, at 21,962.30 while the S&P SL20 was down 0.51 percent, or 31.55 points, at 6,135.50. Market turnover was 1.53 billion rupees.

#### 08.07.2026 Indicative Market levels

	Buying	Selling
USD	330.75	338.75
EUR	375.67	388.14
GBP	439.98	454.01
JPY	2.0303	2.0923
SGD	251.88	266.07
AUD	226.25	238.50

#### Traded USD Volumes as at 07.07.2026

Cash	28.25
Tom	01.00
Spot	37.25
FWD	14.92

### TREASURY BILL/BOND MARKET

The G-Sec market traded with a volume **7.18 Bn** on **07.07.2026**. Indicative T-bond rates closing levels were as follows.

15/03/2028	10.52%-10.57%
01/08/2030	11.25%-11.30%
15/03/2035	11.70%-11.75%

*\*Strictly indicative and for information only*

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

	This Week 01.07.2026	Last Week 24.06.2026
91 days	10.23%	10.14%
182 days	10.30%	10.21%
364 days	10.20%	10.17%

LKR Bio	Foreign Holding 02.07.2026	Foreign Holding 01.01.2026	Net Flow (YTD)
T-Bills & T-Bonds	136.85	141.36	(4.51)

### MONEY MARKET AT A GLANCE

#### As of 07.07.2026 (in LKR Bn)

Overnight Market Liquidity	134.77
Term Liquidity	-
<b>Overall Market Liquidity</b>	<b>134.77</b>

Net of Overnight SDF and SLF	120.97
Net of Overnight Repo / (Rev Repo)	13.80
Overnight Liquidity Support Facility	-
Net of Term Repo / (Rev Repo)	-
Term Liquidity Support Facility	-
Overnight Call Money Rates	9.10% - 9.25%
Overnight Repurchase Rates	9.15% - 9.25%

### ECONOMIC INDICATORS

AWPLR as at 03.07.2026	10.62%
Inflation (YoY – June 2026 - CCPI)	6.80%
Inflation (YoY– May 2026 - NCPI)	5.40%
Official Reserves Assets (end May 2026)	US\$ 6,881 Mn
GDP Quarterly growth rate (2026 – Q1)	5.10%

Unemployment Rate (2025 – Q4)	3.80%
Per Capita GDP-2024	US\$ 3,830
Statutory Reserve Ratio (SRR)	2.00%
Trade Balance (Jan – April - 2026)	(US\$ 3,693.0 Mn)
Total Outstanding Government Debt (End Dec 2025)	29,994.69Bn

## INTERNATIONAL MARKETS

**The US Dollar Index (DXY)** stayed above 101 on Wednesday after rising in the previous session, driven by safe-haven demand following fresh US air strikes on Iran amid tensions in the Strait of Hormuz. The escalation threatened the interim US-Iran peace deal, lifted oil prices, and fueled inflation concerns, increasing the likelihood of interest rate hikes. Investors awaited the Federal Reserve's June meeting minutes for policy signals after its hawkish stance last month. Markets now see about a 50% chance of a September rate hike, up from 46% a day earlier. Separately, US trade data showed the deficit widened to \$77.6 billion in May, the largest since March 2025.

**The EUR/USD** hovered just above \$1.14; steady from recent sessions, as rising oil prices revived inflation concerns. Crude climbed above \$73 per barrel after Strait of Hormuz attacks highlighted shipping risks. Traders increased bets on ECB rate hikes following Isabel Schnabel's warning about lasting economic effects from the Iran conflict, though gains were limited by softer inflation data and President Lagarde's dovish remarks on balancing inflation and growth. Germany's cabinet approved a 2027 budget draft with €555.4 billion in spending and borrowing rising to €203.6 billion. In France, Marine Le Pen was cleared to run in the 2027 presidential election, with polls showing her National Rally leading.

**The GBP/USD** traded just below \$1.336, near its strongest since June 16, and hit a one-year high against the euro as investors increased bets on Bank of England rate hikes. Crude prices above \$73 per barrel after Strait of Hormuz attacks fueled inflation concerns, with markets pricing a 76% chance of a hike by year-end and over 50% odds for November. Governor Andrew Bailey reaffirmed inflation is on track to reach 2%, though later than forecast, ruling out near-term cuts. Politically, Andy Burnham, frontrunner to succeed Keir Starmer, has yet to name a finance minister, with Ed Miliband seen as likely. Sterling's resilience suggests recent turmoil is largely priced in.

**The AUD/USD** held near \$0.694, approaching three-month lows as US-Iran tensions weighed on global risk sentiment. RBA Assistant Governor Sarah Hunter noted that recent oil price shocks weakened consumer and business confidence but emphasized the economy's resilience. She reiterated the central bank's commitment to returning inflation to target and sustaining full employment. Despite this, markets expect the RBA to keep its cash rate unchanged in August after three hikes earlier this year. Odds of another increase have eased, with a November hike now priced at about 40%, reflecting cautious sentiment amid external pressures and domestic stability.

**The USD/JPY** weakened toward 162.5 per dollar on Wednesday, sliding back near 40-year lows as the US dollar gained on safe-haven demand after fresh US air strikes on Iran. The escalation lifted oil prices, fueling inflation concerns and pressuring Japan's economy due to its reliance on Middle Eastern oil imports. Traders continued betting against the yen amid no intervention from Japanese authorities, though markets stayed alert for possible support measures. Many investors doubted intervention alone would provide lasting relief. Finance Minister Satsuki Katayama reiterated officials are prepared to act in the foreign exchange market if necessary, stressing Japan and the US remain in close communication on currency policy.

### MARKET INFORMATION AS AT 08.07.2026

Currency Pair	Cross Rate	Resistance	Support
EUR/USD	<b>1.1414</b>	1.1421	1.1398
USD/JPY	<b>162.30</b>	162.49	162.20
GBP/USD	<b>1.3356</b>	1.3362	1.3341
AUD/USD	<b>0.6944</b>	0.6951	0.6924
USD/SGD	<b>1.2921</b>	1.2938	1.2911
USD/INR	<b>94.96</b>	95.18	94.75

### CME SECURED OVERNIGHT OFFER RATE AS OF 07.07.2026

Tenor	USD
O/N SOFR	3.63000
01 Month	3.66876
03 Month	3.73752
06 Months	3.84530
12 Months	3.98569

## COMMODITIES

Commodities	Unit	Prices	Previous Day Prices
Gold	USD\$ per ounce	<b>4,128.25</b>	4,135.79
Oil (Brent)	USD\$ per Barrel	<b>76.12</b>	72.69
Aluminum HG	USD\$ per MT	<b>3,137.50</b>	3,115.50
Copper	USD\$ per MT	<b>13,365.50</b>	13,403.50
Cotton	USD¢ /lb	<b>80.89</b>	79.35
Sugar	USD¢ /lb	<b>15.14</b>	15.22
CBT Wheat	USD¢ /bu	<b>619.00</b>	611.50
SGX Rubber	USD\$/100 KG	<b>216.90</b>	215.30

**In the energy markets**, oil prices climbed nearly 2% on Wednesday after the U.S. military launched airstrikes against Iran and reimposed crude sales sanctions, raising fears their fragile truce was unraveling and Middle East supplies could be disrupted again.

Brent crude futures gained \$1.38, or 1.9%, to \$75.54 a barrel, and U.S. West Texas Intermediate crude climbed to \$71.81 a barrel, up \$1.37, or 1.9% at 0128 GMT.

**Gold prices** eased on Wednesday to its lowest level in nearly a week, as U.S. strikes on Iran boosted oil prices and the dollar, raising concerns that inflation could keep interest rates higher for longer and weigh on non-yielding bullion.

Spot gold fell 0.1% to \$4,100.32 per ounce by 0107 GMT, after dropping to its lowest since July 2 earlier in the day. U.S. gold futures for August delivery shed 1.1% to \$4,112.50

### POLICY RATES

LKR Overnight Policy Rate (OPR)	8.75%
USD Fed Funds Target Range Rate	3.50% - 3.75%
EUR Deposit facility Rate	2.40%
GBP Policy Rate	3.75%
AUD Official Cash Rate	4.35%
JPY Official Cash Rate	1.00%

### ECONOMIC CALENDAR – 08.07.2026

GMT	Details
14:30	USD - Crude Oil Inventories
18:00	USD - FOMC Meeting Minutes

Public