

TREASURY COMMENTARY – 13th September 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 297.50 and 304.50. The rupee has appreciated by approximately 7.12% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 12.09.2024

Cash	7.00
Tom	5.50
Spot	8.70
Forward	9.00

MONEY

Overnight call-money traded at 8.56% on Thursday (12.09.2024). Net market liquidity was a surplus of Rs 85.51 Bn on Thursday from a surplus of Rs 94.66 Bn on Wednesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar softened in Asian Trading on Friday, with the euro and the yen on the rise as investors remained on tenterhooks ahead of next week's central bank bonanza where the focus is on the Federal Reserve and the size of its expected interest rate cut.

The euro was slightly higher at \$1.1083, after rising 0.57% on Thursday, leaving the dollar index, which measures the U.S. currency against six rivals including the euro, at 101.11. The euro eased to \$1.1007, sticking close to Wednesday's low of \$1.1002, the weakest since Aug. 16.

The yen was 0.3% higher at 141.38 per dollar in early trading, hovering close to the eight and half month high of 140.71 it touched on Wednesday ahead of the BOJ meeting.

The Aussie held at \$0.6727, having jumped 0.7% overnight to move further away from a one-month low of \$0.6620 hit earlier in the week. It is set for a weekly gain of 0.8%, with support at the 200-day moving average of \$0.6619. The kiwi dollar nudged 0.1% higher to \$0.6185, having also rebounded 0.7% overnight. It is headed for a small 0.3% rise for the week, with resistance at \$0.6253.

The Canadian dollar weakened against its U.S. counterpart on Thursday as support from recent short-covering faded and investors bet the Bank of Canada would continue to cut interest rates in an effort to boost the domestic economy.

COMMODITIES

Gold prices hovered near an all-time high on Friday, and poised for a weekly gain due to a weaker dollar, while investors focused on U.S. economic data that could offer additional insights into the Federal Reserve's policy decision.

Oil prices rose on Friday, extending a rally sparked by output disruptions in the U.S. Gulf of Mexico, where Hurricane Francine forced producers to evacuate platforms before it hit the coast of Louisiana.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 09/06 **9.32**
 Week ago 9.13
 Year ago 15.14

AWDR %
 August **2024** 7.87
 July **2024** 8.04
 Year ago 14.15

T BILL%
3M 9.99
6M 10.24
1Y 10.07

INFLATION (%) (Base:2021=100)	June 2024	July 2024	August 2024	Year ago
NCPI (YoY)	2.4	2.5	-	4.6
NCPI (core)	3.9	3.0	-	6.3
CCPI(YoY)	1.7	2.4	0.5	4.0
CCPI (core)	4.4	4.4	3.6	4.6

CBSL reserves (USD) – August 24"	5.954 Bn
CBSL T-bill/bond holding	2,535.62 Bn
Market liquidity	85.51 Bn
Foreign holding LKR bills/bonds	40.38 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3200	5.0965	4.9466	4.5705	3.9724
EUR ESTR	3.5920	3.4560	3.3850	3.1800	2.6810
GBP SONIA	4.9500	4.9313	4.8427	4.6541	4.2611

TREASURY DIVISION Level-11

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