

TREASURY COMMENTARY – 20th September 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 301.25 and 308.25. The rupee has appreciated by approximately 5.97% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 19.09.2024

Cash	12.80
Tom	8.00
Spot	16.55
Forward	7.95

MONEY

Overnight call-money traded at 8.62% on Thursday (19.09.2024). Net market liquidity was a surplus of Rs 34.66 Bn on Thursday from a deficit of Rs 31.81 Bn on Wednesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The U.S. dollar slipped in choppy trading in Asian Trading on Wednesday as markets grappled with the supersized 50 basis point interest rate cut, as well as the switch to an easing monetary policy stance delivered by the Federal Reserve.

The dollar index, which measures the greenback against a basket of six peers, was down 0.38% to 100.64 after reversing gains made in early trading. It slid to its lowest in more than a year of 100.21 in the previous session.

The euro strengthened 0.4% to \$1.1163. Against the yen, the dollar was 0.33% higher at 142.73 as markets anticipate that the Bank of Japan will leave interest rates unchanged on Friday.

The dollar weakened 0.08% to 0.847 against the Swiss franc and dropped 0.34% to 7.070 versus the offshore Chinese yuan.

The Aussie held at \$0.6807, after hitting a nine-month top of \$0.6839 overnight. It was up 1.5% for the week and aiming for a \$0.6871 peak from December last year. The kiwi dollar stood at \$0.6234, having reached as far as \$0.6269 overnight. That left it 1.3% higher for the week, but still short of the August top at \$0.6298.

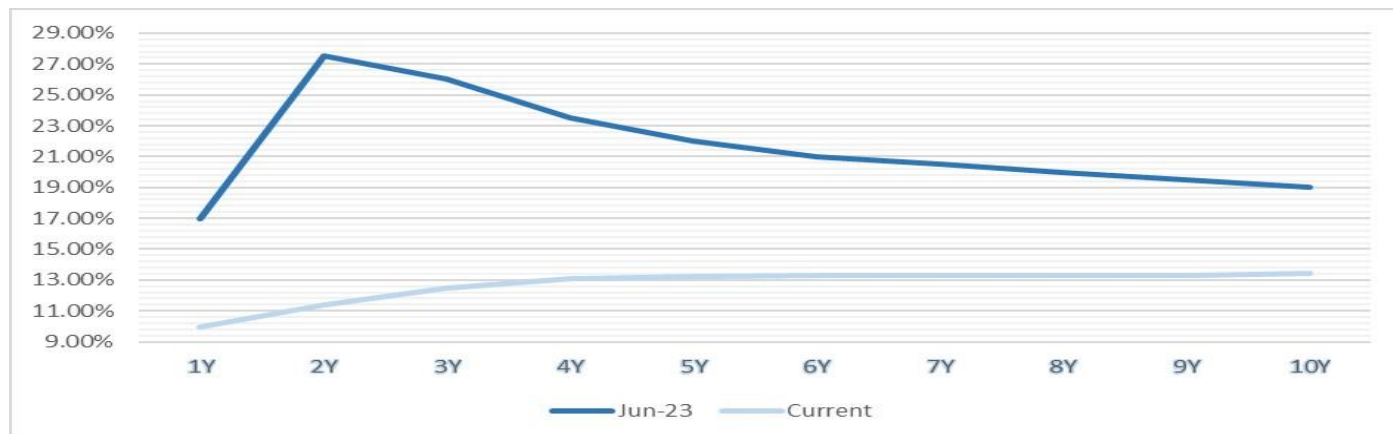
COMMODITIES

Gold prices steadied near record highs on Friday and were poised for a weekly gain, as markets adjusted to the U.S. Federal Reserve's recent super-sized interest rate reduction and signs that further cuts were on the horizon.

Oil prices, which were little changed in early Asian trade on Friday, were on track to end higher for a second straight week following a large cut in U.S. interest rates and declining global stockpiles.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 09/13 **9.23**
 Week ago 9.32
 Year ago 15.21

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

T BILL%
3M 10.49
6M 10.76
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	2,515.62 Bn
Market liquidity	34.66 Bn
Foreign holding LKR bills/bonds	39.38 Bn

	O/N	1M	3M	6M	12M
USD SOFR	5.3300	4.9199	4.7533	4.3934	3.8540
EUR ESTR	3.4120	3.4160	3.3760	3.1600	2.7000
GBP SONIA	4.9500	4.9298	4.8167	4.6184	4.2360

TREASURY DIVISION Level-11

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