

TREASURY COMMENTARY – 26th September 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 295.75 and 302.75. The rupee has appreciated by approximately 7.66% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 25.09.2024

Cash	9.40
Tom	3.50
Spot	57.20
Forward	13.75

MONEY

Overnight call-money traded at 8.62% on Wednesday (25.09.2024). Net market liquidity was a deficit of Rs 28.45 Bn on Wednesday from a surplus of Rs 45.73 Bn on Tuesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar held firm in Asian Trading on Thursday following its sharpest rally since early June as traders looked ahead to speeches from key Federal Reserve policy makers later in the day for clues on the pace of interest rate cuts.

The dollar index, which measures the currency against the euro, sterling, yen and three other major peers, eased 0.07% to 100.87 as of 0034 GMT, following a 0.57% jump on Wednesday, its biggest one-day gain since June 7.

The euro was little changed at \$1.1135, after pulling back sharply from \$1.1214, a high not seen since July of last year. Sterling was flat at \$1.3322. On Wednesday it climbed to \$1.3430 for the first time since February 2022. The Australian dollar added 0.15% to \$0.68335, finding its feet after Wednesday's sharp retreat from a 19-month peak of \$0.6908.

The yen strengthened about 0.15% to 144.57 per dollar, climbing off a three-week low of 144.845 reached in the prior session.

The Chinese yuan was steady at 7.0284 per dollar in offshore trading after it pulled back on Wednesday from its highest since May of last year at 6.9952.

The Swiss franc was little changed at 0.8499 per dollar ahead of a policy announcement from the central bank on Thursday, with a third consecutive quarter-point rate reduction widely expected.

COMMODITIES

Gold prices steadied on Thursday after hitting a record high on the previous session, aided by the expectations for another big rate cut by the U.S. Federal Reserve, while traders await Federal Reserve Chair Jerome Powell's comments for further hints on the policy outlook.

Oil prices were little changed on Thursday after falling in the previous session as signs of higher fuel demand and falling stockpiles in the U.S., the world's biggest oil user, offset concerns over demand elsewhere, particularly in China.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 09/20 **9.38**
 Week ago 9.23
 Year ago 14.81

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

T BILL%
3M 10.49
6M 10.72
1Y 10.05

INFLATION (%) (Base:2021=100)	June 2024	July 2024	August 2024	Year ago
NCPI (YoY)	2.4	2.5	1.1	2.1
NCPI (core)	3.9	3.0	-	4.1
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	(28.45) Bn
Foreign holding LKR bills/bonds	39.39 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.8400	4.8552	4.6431	4.2864	3.7667
EUR ESTR	3.4150	3.3930	3.2910	3.0440	2.5720
GBP SONIA	4.9500	4.9580	4.8181	4.6398	4.2582

TREASURY DIVISION Level-11

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