

TREASURY COMMENTARY – 27th 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 26.09.2024

Cash	7.30
Tom	7.50
Spot	40.85
Forward	19.30

MONEY

Overnight call-money traded at 8.61% on Thursday (26.09.2024). Net market liquidity was a surplus of Rs 82.96 Bn on Thursday from a deficit of Rs 28.45 Bn on Wednesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar wobbled in Asian Trading on Friday, poised for a fourth straight week of declines as investors weighed U.S. data to gauge the pace of interest rate cuts, while China's spree of stimulus measures kept risk-sensitive currencies aloft.

The dollar index, which measures the greenback against a basket of currencies including the yen and the euro, was last at 100.67, not far from the 14-month low of 100.21 it touched on Wednesday. The index is down 0.06% this week, its fourth straight week of declines.

The euro was steady at \$1.11687, just below the 14-month high of \$1.1214 it touched on Wednesday.

Sterling was a shade lower at \$1.33975 but remained close to the 2-1/2 year high it touched this week as risk appetite was boosted by a flurry of stimulus measures from China, such as lowering the amount of cash banks must hold as reserves by 50 basis points.

The risk-sensitive Australian and New Zealand dollars also held near multi-year highs due to China stimulus plans.

Meanwhile, the yen hit a more than three-week low of 145.52 per dollar in early trading as Japan's ruling party holds one of the most unpredictable leadership contests in decades on Friday.

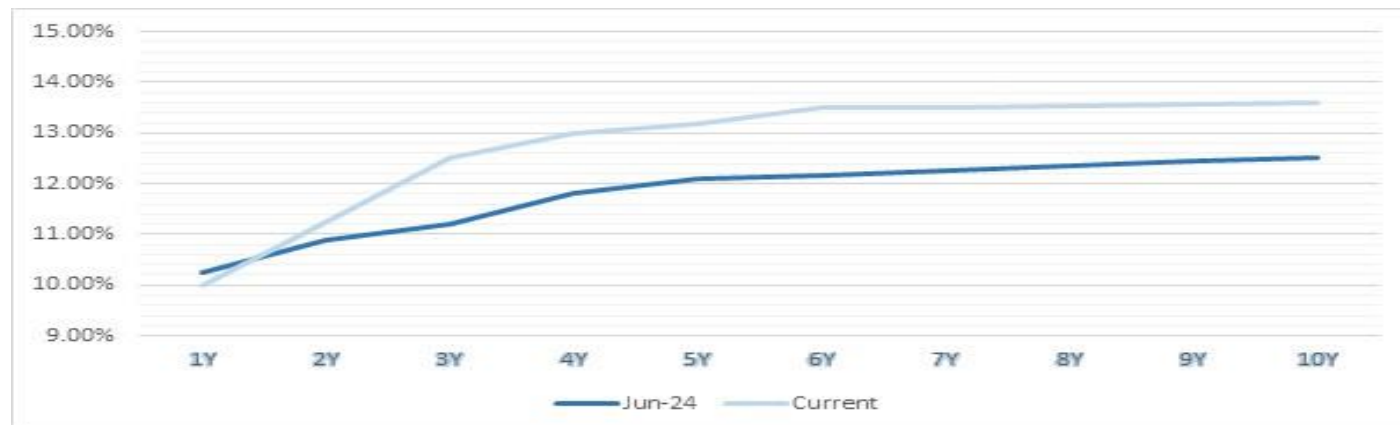
COMMODITIES

Gold held its ground on Friday after hitting a record high in the previous session on mounting expectations of another big U.S. interest rate cut this year, while market participants awaited a key inflation report for further direction.

Oil prices fell for a third day on Friday, on course to end the week lower, as investors focused on expectations of higher supplies from Libya and the broader OPEC+ group of oil exporters.

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	82.96 Bn
Foreign holding LKR bills/bonds	39.39 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.8400	4.8454	4.6036	4.2452	3.7448
EUR ESTR	3.4160	3.3910	3.2820	3.0350	2.5590
GBP SONIA	4.9500	4.9599	4.8218	4.6437	4.2633

TREASURY DIVISION Level-11

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