

TREASURY COMMENTARY – 04th October 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 289.50 and 296.50. The rupee has appreciated by approximately 9.60% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 03.10.2024

Cash	2.50
Tom	11.00
Spot	80.75
Forward	34.50

MONEY

Overnight call-money traded at 8.65% on Thursday (03.10.2024). Net market liquidity was a surplus of Rs 114.74 Bn on Thursday from a surplus of Rs 90.96 Bn on Wednesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar hung around a six-week high in Asian Trading on Friday, set for its biggest weekly gain since April due to safe-haven demand on rising Middle East tensions.

The dollar index, which measures the U.S. unit versus six peers, was last at 101.92, not far from the six week high of 102.09 it touched on Thursday. For the week, the index is up 1.5%.

The euro was steady at \$1.1034 having dropped 1.18% so far this week, while sterling was nursing losses after sliding 1% on Thursday following dovish comments from Bank of England Governor Andrew Bailey.

The Australian dollar was last up 0.14% at \$0.6850 in early trading but was down 0.8% for the week, set for its first weekly decline in four weeks. The New Zealand dollar was little changed at \$0.62135 but is down 2% for the week.

The Asian currency has slid 3% this week, its biggest weekly decline since November 2016 and touched its lowest level since Aug. 20 of 147.25 per dollar. On Friday, the yen was 0.2% higher at 146.63.

The Canadian dollar weakened to a 10-day low against its U.S. counterpart on Thursday as data showed a deepening downturn in Canada's services economy and investors weighed ebbing prospects of another 50-basis-point interest rate cut by the Federal Reserve.

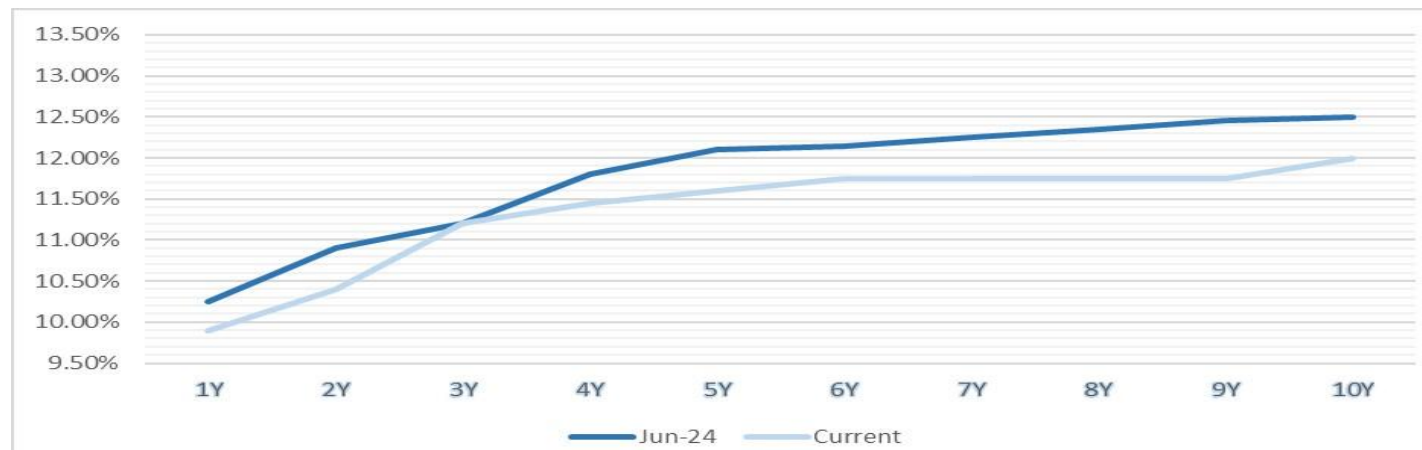
COMMODITIES

Gold prices traded flat on Friday but were slightly down for the week, as market focus shifted to a crucial U.S. payrolls report for clearer insight into the Federal Reserve's anticipated interest rate reduction next month.

Oil prices inched up in early Asian trading hours on Friday, holding on to their strong weekly gains, as investors weighed the Middle East conflict and the potential disruption in crude flows against an amply-supplied global market.

ECONOMIC INDICATORS

Bond Curve



AWPLR %	AWDR %	T BILL%
Week ending 09/27 9.32	September 2024 7.70	3M 10.06
Week ago 9.38	August 2024 7.87	6M 10.37
Year ago 14.67	Year ago 13.39	1Y 10.04

INFLATION (%) (Base:2021=100)	July 2024	August 2024	September 2024	Year ago
NCPI (YoY)	2.5	1.1	-	0.8
NCPI (core)	3.0	2.3	-	1.7
CCPI(YoY)	2.4	0.5	- 0.5	1.3
CCPI (core)	4.4	3.6	3.3	1.9

CBSL reserves (USD) – August 24"	5.954 Bn
CBSL T-bill/bond holding	2,515.62 Bn
Market liquidity	114.74 Bn
Foreign holding LKR bills/bonds	39.40 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.9200	4.8508	4.5897	4.2736	3.8334
EUR ESTR	3.4130	3.3250	3.1720	2.9120	2.4410
GBP SONIA	4.9500	4.9607	4.7879	4.5997	4.2423

TREASURY DIVISION

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