

TREASURY COMMENTARY – 10th October 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 289.25 and 296.25. The rupee has appreciated by approximately 9.67% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 09.10.2024

Cash	3.18
Tom	4.50
Spot	42.20
Forward	23.50

MONEY

Overnight call-money traded at 8.54% on Wednesday (09.10.2024). Net market liquidity was a surplus of Rs 132.21 Bn on Wednesday from a surplus of Rs 75.23 Bn on Tuesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The U.S. dollar traded near a two-month peak against major peers on Thursday as markets grew more confident about a patient approach from the Federal Reserve to further monetary easing, even as a key inflation report loomed later in the day.

The dollar index, which measures the currency against six key rivals, was steady after climbing to the highest since Aug. 16 overnight, as traders further pared bets for U.S. interest rate cuts this year in the wake of last week's unexpectedly strong payrolls data.

The euro languished near its lowest since Aug. 13, while against the yen, the dollar hovered close to its strongest level since Aug. 15. The euro was flat at \$1.0939 following its dip to \$1.0936 in the previous session.

Australia's dollar slipped 0.07% to \$0.6714, edging back towards its low of \$0.6708 from Wednesday, the weakest level since Sept. 16, after a stimulus announcement by top trading partner China's state planner fell flat. China's finance ministry is due to hold a news conference on fiscal policy on Saturday.

New Zealand's dollar added 0.07% to \$0.6067, trying to have some distance from the low of \$0.6053 from Wednesday, when the central bank cut rates by a half point and hinted at further easing ahead, triggering a sharp slide in the currency.

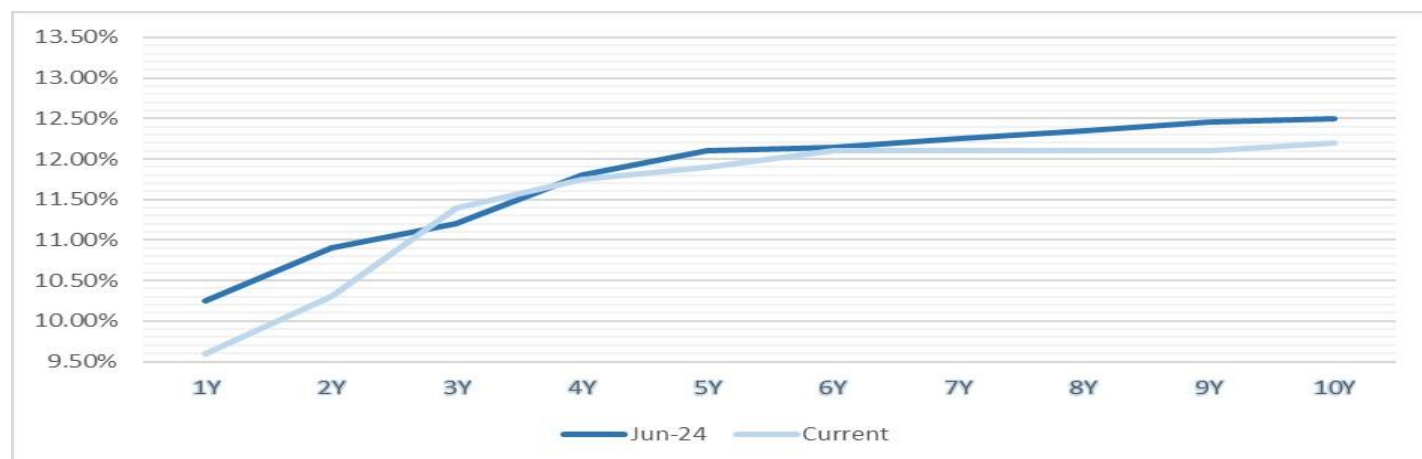
COMMODITIES

Gold retreated for the sixth straight day on Wednesday on an advancing dollar and diminished expectations for a larger rate cut from the Federal Reserve in November.

Oil prices rose in early Asian trade on Thursday on concerns about potential supply disruptions in the Middle East, with Israel planning to strike oil-producer Iran, and on spikes in fuel demand as a major storm barreled into Florida.

ECONOMIC INDICATORS

Bond Curve



AWPLR %	AWDR %	T BILL%
Week ending 10/04 9.13	September 2024 7.70	3M 10.06
Week ago 9.32	August 2024 7.87	6M 10.37
Year ago 14.30	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	132.21 Bn
Foreign holding LKR bills/bonds	39.40 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.8400	4.8229	4.6582	4.4458	4.1279
EUR ESTR	3.4140	3.2770	3.1570	2.9380	2.5750
GBP SONIA	4.9500	4.9318	4.7835	4.6272	4.3648

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