

TREASURY COMMENTARY – 21 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 18.10.2024

Cash	11.73
Tom	5.00
Spot	10.15
Forward	16.00

MONEY

Overnight call-money traded at 8.58% on Wednesday (18.10.2024). Net market liquidity was a surplus of Rs 139.10 Bn on Friday from a surplus of Rs Rs Rs 119.88 Bn on Wednesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

Currency moves in major markets last week were driven by the European Central Bank's dovish rate cut and strong U.S. data that pushed out expectations for how fast U.S. rates can fall, particularly if Trump wins the presidency.

The dollar index measure against major rivals was at 103.45. It fell 0.3% on Friday as risk appetite picked up broadly across markets after China announced more details of its broad stimulus package, but logged 0.55% gains for the week., the euro was at 0.6%, sterling was flat and the dollar index climbed 0.55%.

The euro stood flat at \$1.0866 and sterling was also flat around \$1.3045

The euro is down more than 3% in three weeks and has fallen through its 200-day moving average, and is parked near a 2-1/2 month low.

The yen was down 0.1% at 149.32 per dollar, staying on the stronger side of 150 per dollar, having breached that level briefly last week for the first time since early August. Last week, the yen fell 0.3%,

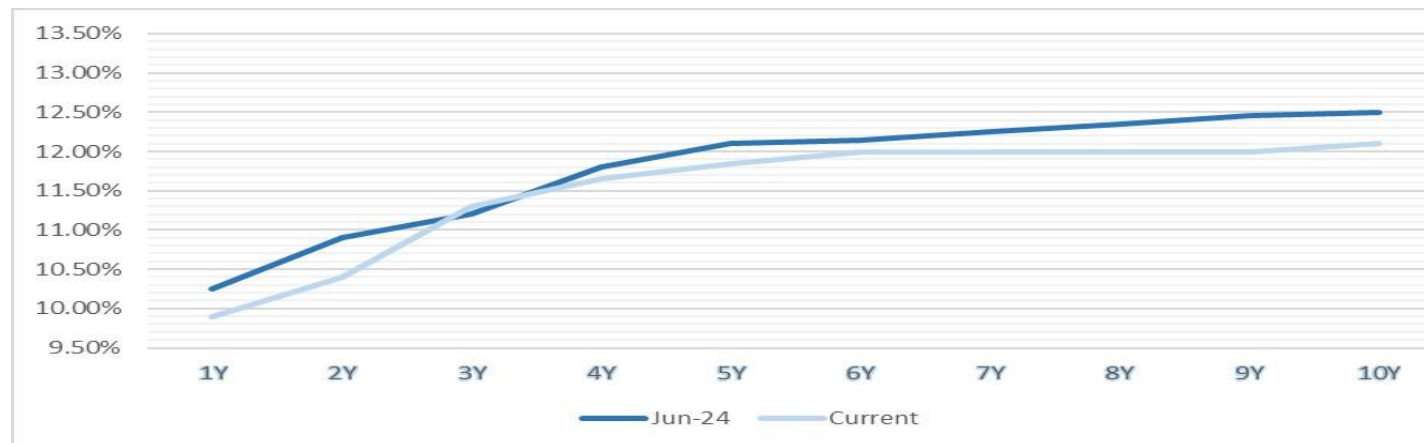
COMMODITIES

Gold prices extended gains and scaled another record high on Monday, steered by elevated Middle East tensions and U.S. election uncertainty, while silver hit a near 12-year peak.

Oil prices steadied in early trading on Monday, following a more than 7% drop last week on worries about demand in China, the world's top oil importer, and an easing of concerns about potential supply disruptions in the Middle East.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
Week ending 10/18 9.10
Week ago 9.25
Year ago 14.00

AWDR %
September 2024 7.70
August 2024 7.87
Year ago 13.39

T BILL%
3M 09.32
6M 09.65
1Y 09.95

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) – Sept. 24"	5.992 Bn
CBSL T-bill/bond holding	2,515.62 Bn
Market liquidity	139.10 Bn
Foreign holding LKR bills/bonds	51.14 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.8500	4.7590	4.6316	4.4437	4.1323
EUR ESTR	3.2390	3.1880	3.0900	2.8640	2.4650
GBP SONIA	4.9500	4.8701	4.7202	4.5378	4.2303

TREASURY DIVISION Level-11

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