

TREASURY COMMENTARY – 24 October 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 289.75 and 296.75. The rupee has appreciated by approximately 9.51% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 23.10.2024

Cash	7.68
Tom	1.70
Spot	23.25
Forward	10.70

MONEY

Overnight call-money traded at 8.57% on Wednesday (23.10.2024). Net market liquidity was a surplus of Rs 144.13 Bn on Wednesday from a surplus of Rs 78.39 Bn on Tuesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The U.S. dollar traded close to a three-month high against major peers on Thursday, underpinned by expectations for a slower pace interest rate cuts by the Federal Reserve and growing bets of a possible second Donald Trump presidency.

The dollar index, which measures the currency against six rivals including the euro and yen, stood at 104.38 as of 0115 GMT, not far from the overnight high of 104.57, a level last seen on July 30.

The Japanese yen tends to weaken when U.S. bonds yields climb, and the dollar pushed as high as 153.19 yen on Wednesday for the first time since July 31. The pair last changed hands at 152.62 yen.

The euro slumped to a nearly four-month trough of \$1.07612 overnight, and changed hands at \$1.07845. On Wednesday.

ECB President Christine Lagarde took a more measured stance, saying policymakers need to be "cautious" in deciding policy, although colleague Mario Centeno suggested rates could be cut by 50 basis points at the monetary authority's next meeting on Dec. 12.

COMMODITIES

Gold prices held steady on Thursday after scaling an all-time high in the previous session, with a stronger dollar and an uptick in U.S. Treasury yields offsetting support from safe-heaven demand.

Oil prices edged higher on Thursday, recouping some of the more than 1% losses from the previous session after U.S. crude inventories rose much more than estimated.

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	-0.2	1.0
NCPI (core)	3.0	2.3	1.9	0.6
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	144.13 Bn
Foreign holding LKR bills/bonds	51.14 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.8300	4.7375	4.6258	4.4548	4.1656
EUR ESTR	3.1650	3.1670	3.0510	2.7960	2.4180
GBP SONIA	4.9500	4.8248	4.7029	4.5233	4.2280

TREASURY DIVISION
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