

TREASURY COMMENTARY – 28 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 25.10.2024

Cash	10.05
Tom	7.75
Spot	21.85
Forward	18.00

MONEY

Overnight call-money traded at 8.57% on Friday (25.10.2024). Net market liquidity was a surplus of Rs 156.27 Bn on Friday from a surplus of Rs 153.57 Bn on Thursday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The yen touched a three-month low on Monday as Japan's ruling coalition lost its parliamentary majority and investors figured that would likely slow future interest rate hikes, while the dollar headed for a monthly gain on rising U.S. yields.

On the dollar, the yen hit its weakest since late July at 153.3 in early-morning trade and it touched the same milestone at 165.36 to the euro.

Elsewhere currency markets were broadly steady, leaving the dollar on course for its largest monthly rise in 2-1/2 years as signs of strength in the U.S. economy and bets on Donald Trump winning the presidency lifted U.S. yields.

The U.S. dollar index has climbed 3.6% during October, its sharpest monthly rise since April 2022.

At \$1.0795 the euro was steady on Monday but down more than 3% on the month. Sterling bought \$1.2961 for a 3.1% drop through October so far.

The Australian dollar bought \$0.6610 on Monday, with disappointment at the lack of detail or urgent government spending in China's stimulus plans helping drag it about 4.5% lower through October.

The New Zealand dollar traded near a three-month low of \$0.5974, down nearly 6% for the month.

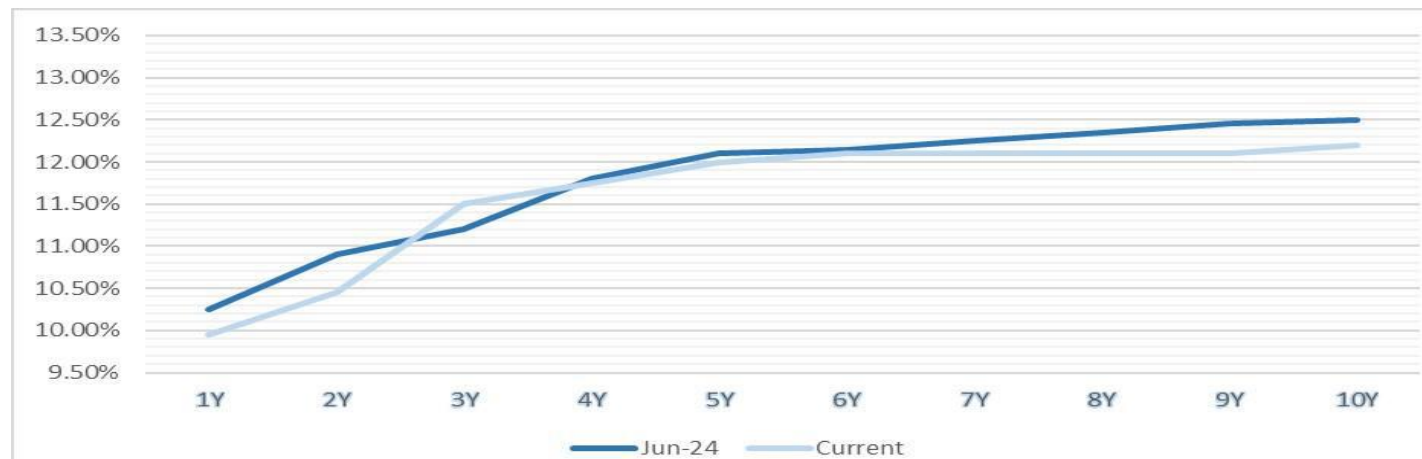
COMMODITIES

Gold prices declined on Monday, pressured by a stronger U.S. dollar, while investors awaited fresh signals regarding the Federal Reserve's monetary policy trajectory.

Oil prices tumbled more than \$3 a barrel on Monday after Israel's retaliatory strike on Iran over the weekend bypassed Tehran's oil and nuclear facilities and did not disrupt energy supplies, easing geopolitical tensions in the Middle East.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
Week ending 10/25 9.17
Week ago 9.10
Year ago 13.68

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	156.27 Bn
Foreign holding LKR bills/bonds	51.14 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.8300	4.7073	4.6046	4.4307	4.1529
EUR ESTR	3.1630	3.1670	3.0130	2.7020	2.3090
GBP SONIA	4.9500	4.8231	4.7040	4.5350	4.2570

TREASURY DIVISION
 Level-11

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