

## TREASURY COMMENTARY – 29 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 9.59% against the USD from the beginning of the year.

#### USD/LKR Market Volume (USD Mn) on 28.10.2024

Cash	2.95
Tom	3.00
Spot	23.60
Forward	11.00

#### MONEY

Overnight call-money traded at 8.55% on Monday (28.10.2024). Net market liquidity was a surplus of Rs 186.62 Bn on Monday from a surplus of Rs 156.27 Bn on Friday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

The yen languished near a three-month trough on Tuesday as the loss of a parliamentary majority for Japan's ruling coalition in weekend elections raised uncertainty about the nation's political and monetary outlook.

Elsewhere, the dollar eased a touch, though remained not too far from its recent high ahead of major U.S. data releases later in the week that could determine the path for Federal Reserve policy. The dollar index was little changed at 104.28

The euro rose 0.05% to \$1.0816, while sterling ticked up 0.03% to \$1.2976.

The Australian dollar hit new 2-1/2-month lows on Tuesday as the relentless rise in U.S. yields elevated the greenback, with traders now looking ahead to local quarterly inflation data that could make or break the chance of a rate cut this year. The Aussie slipped 0.1% to hit \$0.6578, the lowest level since mid-August, after falling 0.3% overnight. It is testing a key chart level of \$0.6578, and resistance is heavy at the 200-day moving average of \$0.6628.

The kiwi dollar held at \$0.5977, having bounced off a three-month low of \$0.5958 overnight. It is clinging onto support at \$0.5975.

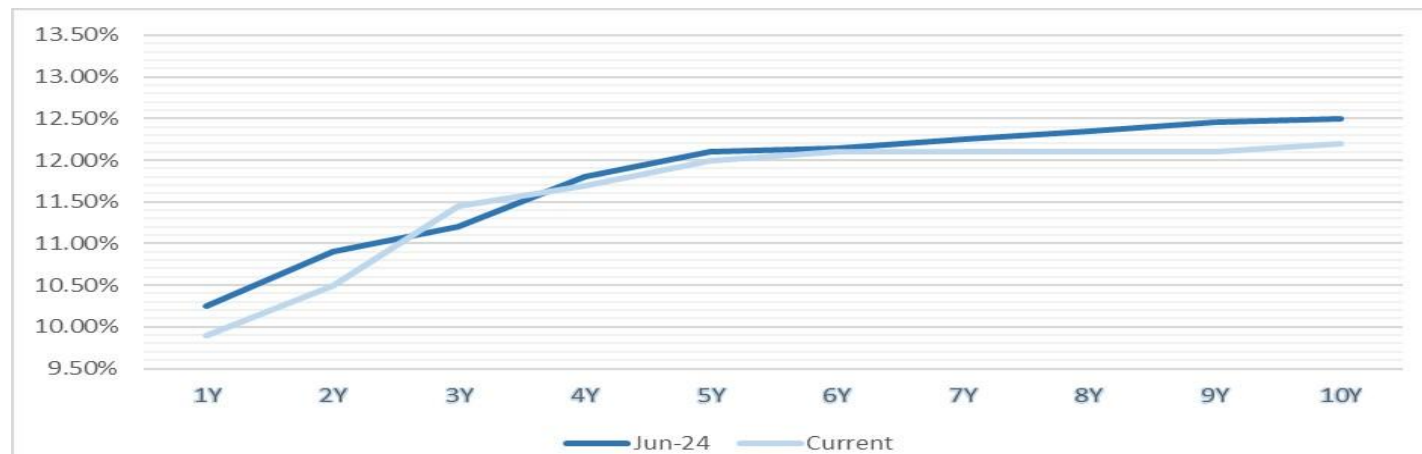
#### COMMODITIES

Gold prices held steady on Tuesday as investors looked forward to a slew of U.S. economic data for clues about the Federal Reserve's interest rate outlook.

Oil prices edged up on Tuesday, after a sharp plunge in the previous session, as a U.S. plan to purchase oil for the Strategic Petroleum Reserve provided support while investors remained focused on developments in the Middle East.

# ECONOMIC INDICATORS

## Bond Curve



AWPLR %	AWDR %	T BILL%
Week ending 10/25 9.17	September 2024 7.70	3M 09.32
Week ago 9.10	August 2024 7.87	6M 09.65
Year ago 13.68	Year ago 13.39	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	186.62 Bn
Foreign holding LKR bills/bonds	51.14 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.8300	4.6964	4.5891	4.4127	4.1446
EUR ESTR	3.1630	3.1670	3.0130	2.7050	2.3240
GBP SONIA	4.9500	4.7971	4.6879	4.5081	4.2313

## TREASURY DIVISION Level-11

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