

## TREASURY COMMENTARY – 01<sup>st</sup> November 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 10.00% against the USD from the beginning of the year.

#### USD/LKR Market Volume (USD Mn) on 30.10.2024

Cash	4.83
Tom	17.35
Spot	14.75
Forward	21.25

#### MONEY

Overnight call-money traded at 8.53% on Wednesday (30.10.2024). Net market liquidity was a surplus of Rs 179.46 Bn on Wednesday from a surplus of Rs 126.85 Bn on Tuesday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

The dollar steadied against major peers on Friday, as investors awaited the U.S. jobs report to confirm economic resiliency heading into the Federal Reserve's monetary policy meeting and a close-call U.S. presidential election next week.

The U.S. dollar started the month off at a lower level after coming under pressure against the yen and on Thursday.

The dollar index, which measures the greenback against six major currencies, last rose 0.06% to 103.94. The yen was down 0.11% at 152.18 per dollar.

Sterling remained on the back foot, down 0.03% to \$1.28955, as investors continued to react after British Finance Minister Rachel Reeves launched the biggest tax increases since 1993 in her first budget. The pound slid to its lowest since mid-August at \$1.28445 on Thursday.

The Australian and New Zealand dollars flatlined on Friday as investors shunned risk assets ahead of U.S. jobs data and the presidential election, though the prospect of steady rates at home did offer the Aussie a sliver of support. The Aussie held at \$0.6571, down 0.4% for the week but off a recent three-month low of \$0.6534. Support is down at \$0.6470 with resistance around \$0.6628. The kiwi dollar was also ailing at \$0.5965, just above a three-month trough of \$0.5940. It has support around \$0.5912 with resistance at \$0.6002.

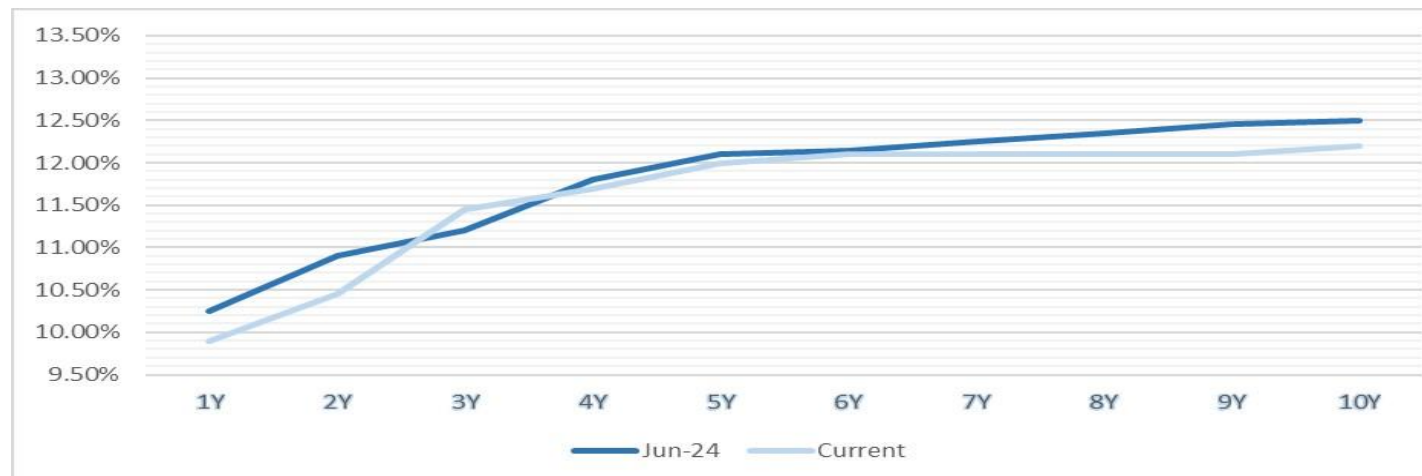
#### COMMODITIES

Gold prices steadied on Friday as market focus shifted to a crucial U.S. payrolls report for better clarity into the extent of an expected rate cut this month.

Oil prices extended gains on Friday, climbing more than \$1 a barrel to pare weekly losses, as geopolitical tensions in the Middle East rose following reports that Iran was preparing a retaliatory strike on Israel from Iraq in the coming days.

# ECONOMIC INDICATORS

## Bond Curve



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

**AWDR %**  
**October 2024** 7.61  
**September 2024** 7.70  
**Year ago** 12.75

**T BILL%**  
**3M** 09.35  
**6M** 09.68  
**1Y** 09.95

INFLATION (%) (Base:2021=100)	August 2024	September 2024	October 2024	Year ago
NCPI (YoY)	1.1	-0.2	-	1.0
NCPI (core)	2.3	1.9	-	0.6
CCPI(YoY)	0.5	- 0.5	- 0.8	1.5
CCPI (core)	3.6	3.3	3.0	1.2

CBSL reserves (USD) – Sept. 24"	5.992 Bn
CBSL T-bill/bond holding	2,515.62 Bn
Market liquidity	179.46 Bn
Foreign holding LKR bills/bonds	51.14 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.8100	4.6560	4.5592	4.4072	4.1687
EUR ESTR	3.1650	3.1660	3.0160	2.7260	2.3560
GBP SONIA	4.9500	4.7855	4.7350	4.6233	4.4348

## TREASURY DIVISION Level-11

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