

TREASURY COMMENTARY – 04 November 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 01.11.2024

Cash	19.28
Tom	10.00
Spot	33.50
Forward	43.00

MONEY

Overnight call-money traded at 8.55% on Friday (01.11.2024). Net market liquidity was a surplus of Rs 140.05 Bn on Friday from a surplus of Rs 179.46Bn on Wednesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar slipped in Asia on Monday as investors braced for a potential pivot this week for the global economy as the United States chooses a new leader, and as it likely cuts interest rates again with major implications for bond yields.

The euro rose 0.4% to \$1.0884, but faces resistance around \$1.0905, while the dollar fell 0.7% on the yen to 151.81 yen. The dollar index eased 0.1% to 103.79.

The Bank of England also meets Thursday and is expected to cut by 25 basis points, while the Riksbank is seen easing by 50 basis points and the Norges Bank is expected to stay on hold.

The BoE's decision has been complicated by a sharp sell-off in gilts following the Labour government's budget last week, which also dragged the pound lower.

Early Monday, sterling had regained some of its losses to stand at \$1.2963, some way from last week's trough at \$1.2841.

More stimulus is also expected from China's National People's Congress, which is meeting from Monday through Friday. Beijing is expected approving next week the issuance of more than 10 trillion yuan (\$1.40 trillion) in extra debt in the next few years to revive its fragile economy.

The Reserve Bank of Australia will hold its meeting on Tuesday and again is expected to hold rates steady.

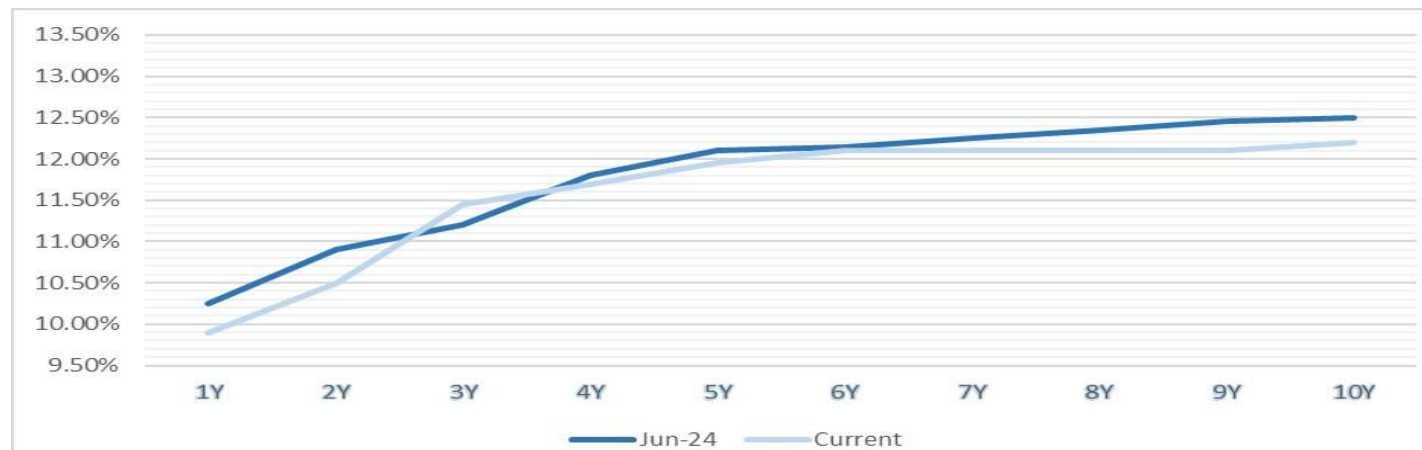
COMMODITIES

Gold prices held steady on Monday, as investors prepared for a crucial week for the global economy, marked by the U.S. presidential election and the likelihood of further interest rate cuts.

Oil prices rose by more than \$1 in early trading on Monday after OPEC+ said on Sunday it would delay a planned December output hike by one month due to soft demand and rising supply outside the group.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 11/01 **9.05**
 Week ago 9.17
 Year ago 13.86

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"	5.994 Bn
CBSL T-bill/bond holding	2,515.62 Bn
Market liquidity	140.05 Bn
Foreign holding LKR bills/bonds	52.91 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.9000	4.6520	4.5442	4.4119	4.1910
EUR ESTR	3.1650	3.1670	3.0190	2.7370	2.4140
GBP SONIA	4.9500	4.7740	4.7268	4.6186	4.4585

TREASURY DIVISION Level-11

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