

TREASURY COMMENTARY – 05 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 04.11.2024

Cash	08.28
Tom	22.25
Spot	27.25
Forward	38.75

MONEY

Overnight call-money traded at 8.57% on Monday (04.11.2024). Net market liquidity was a surplus of Rs 145.96 Bn on Monday from a surplus of Rs 140.05 Bn on Friday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar started Tuesday on the defensive as traders squared positions on the day of the U.S. presidential election, after recent polls dented some of the market bets on a victory for Republican Donald Trump. The U.S. currency slumped as much as 0.76% against the euro overnight to a three-week trough after a weekend opinion poll showed Harris with a surprise lead in Iowa, a traditional Republican stronghold. Overall, however, polls continue to show a tight race.

The dollar index, which measures the currency against six major peers including the euro, was flat at 103.92, after slumping as low as 103.67 on Monday for the first time since Oct. 21. Last week it surged to the highest since the end of July at 104.63.

The euro was little changed at \$1.0873, after lifting to \$1.09145 in the previous session for the first time since Oct. 15.

Against the yen, the dollar traded at 152.325, after slipping to 151.54 overnight, a one-week low. Early Monday.

Meanwhile, the Australian dollar hovered not far from a nearly three-month low, with the Reserve Bank of Australia widely expected to hold policy steady later in the day. The main focus for traders though will be on any hints on the timing of an interest rate cut. The Australian dollar edged down to \$0.6582, languishing close to last week's low of \$0.6537, the weakest since Aug. 8.

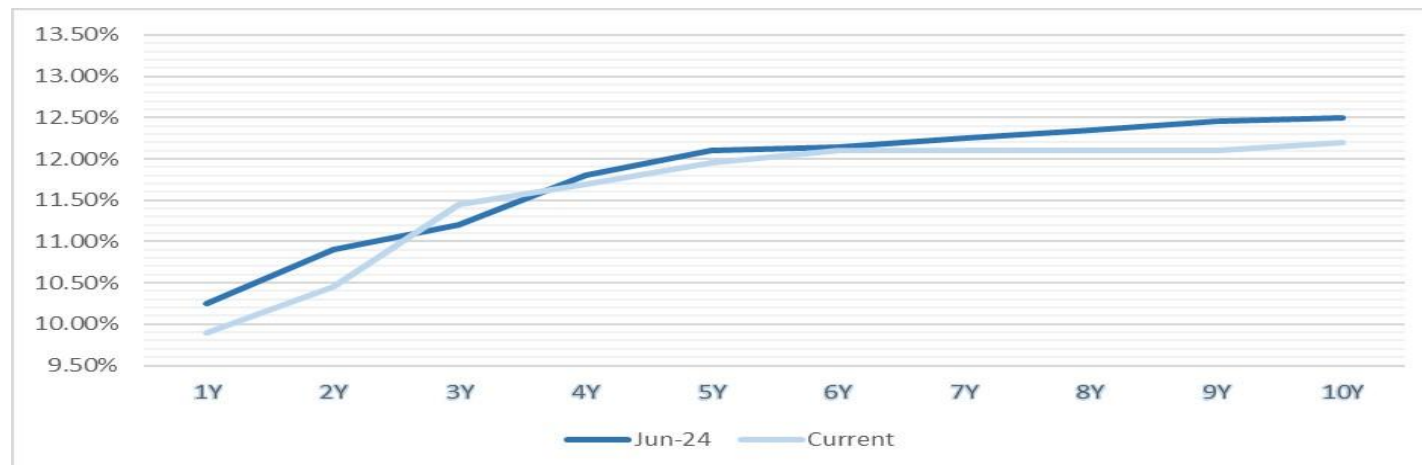
COMMODITIES

Gold was little changed on Tuesday as investors refrained from taking big bets ahead of the U.S. presidential election, with the Federal Reserve policy meeting due later this week also in focus.

Oil prices eased slightly on Tuesday as markets braced for uncertainties from the U.S. presidential election, after rising more than 2% in the past session as OPEC+ delayed plans to hike production in December and eased supply concerns.

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	145.96 Bn
Foreign holding LKR bills/bonds	52.91 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.8600	4.6404	4.5316	4.3816	4.1426
EUR ESTR	3.1650	3.1670	3.0130	2.7290	2.3910
GBP SONIA	4.9500	4.7496	4.7133	4.6031	4.4439

TREASURY DIVISION Level-11

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