

TREASURY COMMENTARY – 06 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 05.11.2024

| | |
|---------|-------|
| Cash | 04.00 |
| Tom | 01.50 |
| Spot | 27.50 |
| Forward | 03.25 |

MONEY

Overnight call-money traded at 8.57% on Tuesday (05.11.2024). Net market liquidity was a surplus of Rs 98.35 Bn on Tuesday from a surplus of Rs 145.96 Bn on Monday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar rallied broadly on Wednesday as early exit polls in the extremely close U.S. presidential election appeared to give an edge to Republican Donald Trump.

U.S. trade deficit widened sharply in September as businesses boosted imports to meet robust domestic demand and in anticipation of higher tariffs on goods, data on Tuesday showed.

Elsewhere, private sector survey in top metals consumer China showed services activity expanded the fastest in three months in October.

The dollar index, which measures the currency against six major peers including the euro and yen - rose 0.76% to 104.14.

The euro dropped 0.77% to \$1.0844, while the dollar added 0.68% to 152.64 yen. Against the yen, the dollar traded at 152.325, after slipping to 151.54 overnight, a one-week low early Monday.

Risk currencies such as the AUD that appreciated ahead of a tightening race are having a pullback as Trump racks up some early wins. The Aussie slid 0.63% to \$0.6595.

COMMODITIES

Gold prices were muted on Wednesday, as investors held back from taking big positions until the U.S. election's outcome was known and shifted focus to the Federal Reserve's upcoming meeting.

Oil prices fell on Wednesday as early poll results in the U.S. election showed Democrat Kamala Harris and Republican Donald Trump locked in a tight race for the presidency.

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 | 98.35 Bn |
| Foreign holding LKR bills/bonds | 52.91 Bn |

| | O/N | 1M | 3M | 6M | 12M |
|-----------|--------|--------|--------|--------|--------|
| USD SOFR | 4.8200 | 4.6300 | 4.5226 | 4.3803 | 4.1511 |
| EUR ESTR | 3.1650 | 3.1670 | 3.0130 | 2.7350 | 2.4050 |
| GBP SONIA | 4.9500 | 4.7378 | 4.7043 | 4.5989 | 4.4510 |

TREASURY DIVISION Level-11

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