

TREASURY COMMENTARY – 14 November 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 288.50 and 295.50. The rupee has appreciated by approximately 9.90% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 13.11.2024

Cash	1.00
Tom	4.00
Spot	43.75
Forward	16.63

MONEY

Overnight call-money traded at 8.55% on Wednesday (13.11.2024). Net market liquidity was a surplus of Rs 169.59 Bn on Wednesday from a surplus of Rs 110.49 Bn on Tuesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The U.S. dollar revisited a one-year high against major peers in Asian trading on Thursday, as a fourth straight winning session from momentum sparked by Donald Trump's election victory eclipsed a rise in bets for Federal Reserve easing.

Cryptocurrency bitcoin also shot to a fresh record high of \$93,480 overnight, and was rising back towards that level early in Asia's day. Trump has vowed to make the United States "the crypto capital of the planet".

The U.S. dollar index, which measures the currency against six top counterparts including the euro and yen, added 0.1% to 106.55 as of 0120 GMT, having earlier touched 106.56 for the first time since November of last year.

Long-term Treasury yields also rose on Wednesday, and extended that advance in the Asian morning, pushing as high as 4.483% for the first time since July 1.

The dollar rose to a fresh high since July 24 at 155.90 yen.

The euro edged down to \$1.05595, only slightly above the one-year trough at \$1.055575 from the previous session.

Sterling lost 0.1% to \$1.2698, after dipping to \$1.2687 on Wednesday for the first time in more than three months.

Elsewhere, the Australian dollar hovered near the previous session's three-month nadir after marginally weaker jobs data failed to move the needle on Reserve Bank of Australia policy expectations. The Aussie was flat at \$0.64865, sticking close to Thursday's low of \$0.64805.

COMMODITIES

Gold prices were flat on Thursday after hitting a two-month low earlier, pressured by a stronger U.S. dollar and uncertainty regarding the pace of the Federal Reserve's interest rate cuts.

Oil prices dropped slightly early on Thursday on expectations of higher global production amid forecasts for weak demand growth, while a firmer dollar also kept a lid on prices.

ECONOMIC INDICATORS

Bond Curve



AWPLR %
 Week ending 11/08 **9.16**
 Week ago 9.05
 Year ago 13.88

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

T BILL%
3M 09.35
6M 09.64
1Y 09.88

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) – Oct. 24"	6.467 Bn
CBSL T-bill/bond holding	2,515.62 Bn
Market liquidity	169.59 Bn
Foreign holding LKR bills/bonds	54.81 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.6000	4.6092	4.5234	4.4434	4.3167
EUR ESTR	3.1640	3.1650	2.9450	2.6210	2.2560
GBP SONIA	4.7000	4.7095	4.6917	4.6143	4.4868

TREASURY DIVISION Level-11

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