

TREASURY COMMENTARY – 18 November 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 288.00 and 295.00. The rupee has appreciated by approximately 10.05% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 14.11.2024

Cash	15.50
Tom	4.10
Spot	41.75
Forward	34.00

MONEY

Overnight call-money traded at 8.56% on Thursday (14.11.2024). Net market liquidity was a surplus of Rs 152.54 Bn on Thursday from a surplus of Rs 169.59 Bn on Wednesday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The dollar rose against the yen on Monday after Japan's top central banker flagged further policy tightening ahead but left open the question of timing, leaving the market no clearer on whether a move would come next month. Bank of Japan Governor Kazuo Ueda reiterated that interest rates would continue to rise gradually should the economy develop in line with the central bank's outlook.

The lack of clear guidance saw the dollar edge up 0.6% to 155.09 yen and away from Friday's low of 153.86. It pulled back late last week after Japanese Finance Minister Katsunobu Kato on Friday put the market on warning of possible intervention if the yen fell too far and too fast.

That retreat had helped steady the euro for the moment at \$1.0543, though that was still uncomfortably close to the recent one-year trough of \$1.0496.

The loonie was trading 0.1% lower at 1.4075 to the U.S. dollar, or 71.05 U.S. cents, after touching its weakest intraday level since May 2020 at 1.4105.

The Australian and New Zealand dollars bounced versus the yen on Monday as Japan's top central banker flagged further policy tightening but left open the question of timing, disappointing policy hawks.

The Aussie edged 0.1% higher to \$0.6473 on Monday, having ended last week down 1.8% in the biggest weekly drop in four months. Support is around \$0.6441.

The kiwi dollar was flat at \$0.5864, after falling 1.8% last week to as far as \$0.5838, the lowest since October 2023.

COMMODITIES

Gold prices rose on Monday after last week's sharp declines, as a rally in the dollar paused, while market participants awaited comments from Federal Reserve officials this week for more clues on the U.S. interest rate path.

Oil prices edged up on Monday after fighting between Russia and Ukraine intensified over the weekend, although concerns about fuel demand in China, the world's second-largest consumer, and forecasts of a global oil surplus weighed on markets.

ECONOMIC INDICATORS

Bond Curve



AWPLR %

Week ending 11/14 **9.11**
 Week ago 9.16
 Year ago 13.31

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 152.54 Bn

Foreign holding LKR bills/bonds 54.84 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.5800	4.6104	4.4911	4.3919	4.2424
EUR ESTR	3.1640	3.1660	2.9140	2.5840	2.2180
GBP SONIA	4.7000	4.7103	4.6848	4.6038	4.4610

TREASURY DIVISION

Level-11

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