

TREASURY COMMENTARY – 19 November 2024

DOMESTIC MARKET

USD/LKR

The USD/LKR market is active and is trading around the level of 286.75 and 293.75. The rupee has appreciated by approximately 10.44% against the USD from the beginning of the year.

USD/LKR Market Volume (USD Mn) on 18.11.2024

Cash	16.45
Tom	14.50
Spot	62.60
Forward	50.00

MONEY

Overnight call-money traded at 8.57% on Monday (18.11.2024). Net market liquidity was a surplus of Rs 102.11 Bn on Monday from a surplus of Rs 152.54 Bn on Thursday.

GLOBAL MARKETS

FOREIGN EXCHANGE

The yen got some much-needed respite on Tuesday as it steadied on the stronger side of 155 per dollar thanks to a pullback in the U.S. currency, which ran into profit-taking after a stellar rally that saw it scale a one-year high.

The yen last edged 0.2% higher to 154.40 per dollar, recovering from its fall in the previous session after Bank of Japan Governor Kazuo Ueda stuck to his usual script and failed to offer any hints on whether a rate hike could come in December.

In the broader market, the dollar was on the back foot as it eased further away from last week's one-year top against a basket of currencies.

Sterling steadied at \$1.2676, while the dollar index tacked on 0.04% to 106.26, after falling 0.4% overnight. The euro similarly rebounded from last week's one-year low and last bought \$1.0590.

Two top European Central Bank policymakers signalled on Monday they were more worried about the damage that expected new U.S. trade tariffs would do to economic growth in the euro zone than any impact on inflation.

Elsewhere, the Australian dollar fell 0.15% to \$0.6499. Minutes of the Reserve Bank of Australia's November board meeting released on Tuesday showed policymakers saw no immediate need to change interest rates, having left them steady for a year now, but said it was important to be ready to act as the economic outlook evolves.

COMMODITIES

Gold prices struggled for momentum in early Asian trade on Tuesday, as investors awaited comments from Federal Reserve officials for further cues about the U.S. interest rate trajectory.

Oil prices retreated on Tuesday after the previous day's rally driven by halted production at Norway's Johan Sverdrup oilfield, but investors remained cautious amid fears of a potential escalation in the Russia-Ukraine war.

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	102.11 Bn
Foreign holding LKR bills/bonds	54.84 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.5700	4.6061	4.5210	4.4315	4.2883
EUR ESTR	3.1650	3.1560	2.9130	2.5850	2.2120
GBP SONIA	4.7000	4.7100	4.6799	4.5939	4.4580

TREASURY DIVISION Level-11

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