

## TREASURY COMMENTARY – 21 November 2024

### DOMESTIC MARKET

#### USD/LKR

The USD/LKR market is active and is trading around the level of 287.25 and 294.25. The rupee has appreciated by approximately 10.30% against the USD from the beginning of the year.

#### USD/LKR Market Volume (USD Mn) on 20.11.2024

Cash	12.05
Tom	15.85
Spot	38.75
Forward	54.75

#### MONEY

Overnight call-money traded at 8.58% on Wednesday (20.11.2024). Net market liquidity was a surplus of Rs 121.38 Bn on Wednesday from a surplus of Rs 64.73 Bn on Tuesday.

### GLOBAL MARKETS

#### FOREIGN EXCHANGE

The U.S. dollar stood broadly firm on Thursday as traders awaited more clarity on U.S. President-elect Donald Trump's proposed policies and sought to second-guess the prospects of less aggressive interest rate cuts from the Federal Reserve. After stalling for three sessions, the greenback was back on the march higher, with investors lifting the dollar index measure against its key rivals closer to a one-year high of 107.07 hit last week. The dollar has rallied more than 2% since the Nov. 5 U.S. presidential election on bets Trump's policies could reignite inflation and temper the Fed's future rate cuts.

The dollar index held steady at 106.56, up from a one-week nadir hit in the previous session. The euro was nearly flat at \$1.054725 after slipping 0.5% on Wednesday, back toward last week's low of \$1.0496, its weakest against the dollar since Oct. 2023. "The Russia-Ukraine conflict is heating up, which is further denting sentiment towards the euro alongside the prospects of trade tariffs," another "bullish cue" for the dollar index given the euro's heavy weighting.

Sterling was up 0.07% at \$1.2656. Data on Wednesday showed British inflation jumped more than expected last month to rise back above the Bank of England's 2% target, supporting the central bank's cautious approach on interest rate cuts.

The dollar gave up some gains against the yen, down 0.33% at 154.91 yen, although the Japanese currency remained under pressure. The focus will be on Bank of Japan Governor Kazuo Ueda, who is scheduled to speak at a financial forum in Paris on Thursday after leaving the door open for a December rate hike in balanced remarks at the start of the week.

#### COMMODITIES

Gold prices inched higher on Thursday for a fourth consecutive session, supported by safe-haven demand amid the intensifying Russia-Ukraine war, while investors looked for further clarity on the U.S. interest rate outlook.

Oil prices edged higher on Thursday due to supply concerns triggered by escalating geopolitical tensions amid the ongoing war between Russia and Ukraine.

# 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 09.30  
 6M 09.60  
 1Y 09.78

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	121.38 Bn
Foreign holding LKR bills/bonds	54.84 Bn

	O/N	1M	3M	6M	12M
USD SOFR	4.5700	4.5951	4.5137	4.4237	4.2610
EUR ESTR	3.1650	3.1200	2.9110	2.6090	2.2520
GBP SONIA	4.7000	4.7087	4.6857	4.6035	4.4690

### TREASURY DIVISION Level-11

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